The world's billionai

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Illustrations by Michael Sloan

Call it the trickle up phenomenon—as a society grows richer it tends to produce large fortunes. The so-called trickle down theory—which was not a theory at all but a dishonest political slogan—had it all wrong.

Thus, although the U.S. is still the home of more billion-dollar fortunes than any other nation, Germany now has more in proportion to its population and so does Hong Kong. But the big surprise is that the surge of capitalist energy now flowing through Latin America has carried 13 additional Latin American business people to the Forbes listing of world billionaires.

There is nothing sinister about all this. Economic growth requires large-scale undertakings, and the people who most successfully organize these undertakings inevitably accumulate wealth. A simple peasant society is relatively egalitarian. But almost everyone is poor. A capitalist society shows wide disparities of income. But almost everyone is better off than they were in the days when the only way to make a living was by plowing the furrow. Attempts to combine industrial development with egalitarianism—called socialism—have failed miserably and at huge cost in human suffering.

Hong Kong is one of the erstwhile poor places that showed the way to the rest of the so-called Third World. It has been spreading the warm glow of prosperity through the chill of communist China (Forbes, *Aug. 5, 1991*). On page 40 we introduce our readers to Gordon Wu, a Hong Kong capitalist who is playing a leading role in opening China to capitalist penetration and prosperity.

The meaning of all this is quite clear: We needn't love our billionaires, but we should be grateful we live in a society that keeps creating new ones.

The Americas

Latin America

By Joel Millman

On this list last year, 8 Latin billionaires were visible. Now there are 21. Others crowd behind. When entrepreneurs flourish, so does an economy. Latin America didn't rise from the sea like Atlantis in reverse; it has close to 450 million people and a rich history. But for too long it suffered under socialism and its first cousin, feudalism. Having survived harsh economic and political conditions, these Latin billionaires are tough and smart. They are ready to become much larger players in the global economy.

What began in the 1970s in Chile as radical free-market heresy is now gospel in an entire continent.

Mexico

Mexico was the next Latin American country after Chile to put on the mantle of freer markets and freer economies. Being bigger (pop. 82 million), richer (all that oil) and nearer the colossus to the north, it has grown the most. No surprise, then, that this once poor country has created more billionaires than any other Latin nation.

Emilio Azcarraga Milmo

Net worth: $2.8 billion

Emilio Azcarraga may be the richest man in Latin America. In 1930 his father founded one of the country's first radio stations and built it into a Mexican communications empire before he died, in 1972. Emilio has built on that and today controls radio, TV, publishing and satellite properties under the corporate banner of Televisa, now a publicly held stock. If not an actual monopoly, Televisa dominates Mexican media and is a power wherever Spanish is spoken.

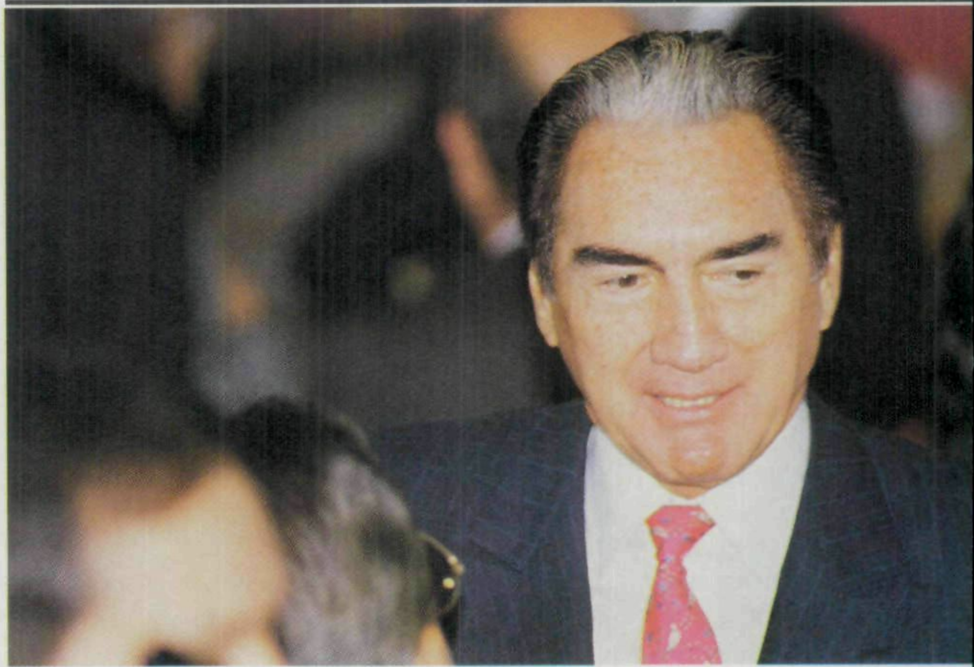
So secretive is Azcarraga about his business affairs that nobody could make even a rough estimate of the Azcarraga wealth until last December when he opened his books in connection with a public offering of Televisa shares. The market valued Televisa at $3.4 billion. Azcarraga owns 65% of the 309 million shares.

Not absolutely everything Azcarraga touches turns to gold. He lost heavily with his ill-fated U.S. venture, *The National*, which was launched in 1990 as the U.S.' first all-sports daily. The paper lost $150 million before Azcarraga shut it down last year. But the fiasco was a blessing in disguise to the Mexican mogul. Upset with his management, his minority partners in Televisa, Romulo O'Farrill and Miguel Alemán—son of the former president—agreed to sell out to him. Azcarraga had no trouble raising the money, thanks to the public share offering and some asset sales.

In the weeks following its going public, Televisa bought 49% of Chile's only private TV network, Megavision. Azcarraga also began talks with Venezuela's Cisneros Organization (owner of that country's biggest private TV network) to forge a regional programming and broadcasting empire. Televisa also has deals in Argentina and Brazil.

Nicknamed "El Tigre"—as much for his uncanny ability to pounce at the right time and for his toughness as for the cowlick of white in his otherwise black hair that resembles a tiger's tail—Azcarraga shuns the media. What's known is that he is 61 and attended Culver Military Academy but left without graduating. He was born in San Antonio; his mother was an American citizen. But when he became 18 Emilio Azcarraga chose Mexican citizenship.

As his nickname implies, Azcarraga is tough. Televisa demands that all advertisers pay for what usually amounts to two-thirds of their year's worth of advertising before Jan. 1—an interest-free loan to Televisa. Un-



Sergio Dorantes

der Mexico's inflation-adjusted accounting principles, Televisa becomes a "debtor" to its customers, owing purchased commercial minutes that are whittled down throughout the year.

Televisa and all other broadcasters have the rare privilege of paying their Mexican federal taxes in kind: by airing public service announcements for government ministries.

In the the mid-1980s Televisa was forced by the U.S. government to divest its interests in U.S. Spanish-language TV stations. Without the stations Azcarraga no longer wanted Televisa's U.S. Spanish network, SIN; he sold it to Hallmark.

That the tiger is ready to pounce again in the U.S. became clear at a meeting of Mexican business leaders and U.S. Commerce Secretary Mosbacher in Monterrey over a year ago. Azcarraga bluntly demanded to know whether the proposed Free Trade agreement meant he would be able to own TV stations in El Norte. The answer was ambiguous, but Azcarraga knows time is on his side.

Thus in April he joined a consortium of investors (including the Cisneros brothers of Venezuela, fellow FORBES billionaires) to buy back the old SIN network, now called Univision. The new owners probably got a bargain, since Hallmark couldn't make a go of it. Meanwhile, Televisa's U.S. cable network, Galavision, already reaches Hispanic homes from Chicago to Los Angeles.

The Tiger is on a roll. In April Azcarraga announced he would raise advertising rates by 15% in 1993 as Mexico's boom continues. Then, when the Mexico City Bolsa took a tumble in June, he announced Televisa would buy back up to $30 million worth of its shares at the depressed prices.

Sergio Dorantes

Azcarraga (left) and Televisa studio
From a Mexican base may come Spanish TV from pole to pole.

Arango brothers

Net worth: over $1 billion

Jeronimo Arango, 66, is chairman of Cifra, the largest discount retailer in Mexico City and northern Mexico (FORBES, *Aug. 5, 1991*). He cofounded and co-owns the company with his brothers Placido, 61 (who lives in Spain), and Manuel, 55. Cifra has a joint venture with Wal-Mart to own and operate most of Cifra's new stores.

Lorenzo and Marcelo Zambrano

Net worth: $2 billion

The nephew and uncle run family cement company Cemex, started in 1906. They raised cash through debt and equity offerings during the late 1980s to acquire competitors. Cemex is now the predominant Mexican producer, with two-thirds of the booming market. The company was penalized for dumping cement in the U.S. in 1990. Marcelo, 68, chairman; Lorenzo, 48, a Stanford grad, is CEO.

Carlos Slim Helu

Net worth: $2.1 billion

The son of a Lebanese immigrant, Slim started construction, real estate and stock brokerage firms in the mid-1960s. He used cash flow to buy control of depressed Mexican companies in early 1980s. His Grupo Carso mushroomed as the Mexican economy came back in the late 1980s. He bought control of Teléfonos de México in 1990 (FORBES, *Sept. 16, 1991*). We call Slim, now 52, "El Conquistador"; it is an apt nickname.

Garza-Sada family

Net worth: $3.8 billion

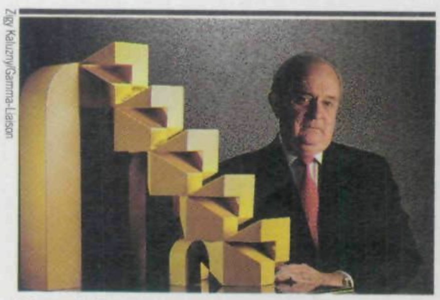
Interrelated branches of the Garza-Sada families control steel and petrochemicals company Alfa; glassmaker Vitro (which owns Anchor Glass in U.S.); plastics and chemicals firm Grupo Cydsa. Another major holding of this Monterrey-based family is Femsa, producer of Dos Equis and Tecate beer. The Garza-Sadas' bank, Banco Serfin, was nationalized in 1982 but is now back in family hands.

Roberto Hernandez

Net worth: over $1 billion

Hernandez, 50, cofounded the respected Mexico City-based stock brokerage firm Acciones y Valores in 1971. His wealth grew on canny investments made in depressed Mexican stocks in the early 1980s (FORBES,

Zigy Kaluzny/Gamma-Liaison



Marcelo Zambrano
The king of Mexican cement.

Adrian Bodek

Hernandez (left) and Harp Helu
Classic story: Buy low, ride high.

Apr. 16, 1990). In February he acquired Banco Nacional de México from the government. A holding company, Banacci, controls both the bank and the stock brokerage firm. Hernandez owns 10% of Banacci.

Alfredo Harp Helu

Net worth: over $1 billion

Harp, 48, is the first cousin of billionaire Carlos Slim Helu. He went to college with Roberto Hernandez, with whom he cofounded Acciones y Valores. Like Hernandez, Harp owns 10% of holding company Banacci.

Marlen Thomas

Eliodoro Matte

The Mattes' own bank financed them.

Chile

Anacleto Angelini

Net worth: $1.1 billion

Most lucrative Angelini holding is 30% control of Chile's big conglomerate Copec, whose gasoline stations dot the country and which owns petroleum, pipelines, refining, distribution and liquefied natural gas plus forestry and retailing. Angelini lined up partners from New Zealand and bought Copec from Cruzat Group, when the giant conglomerate crashed in Chile's 1982 slump. Clan head Anacleto Angelini, now 78, emigrated from Italy with late father in 1940s, opened paint factory and construction business.

Luksic family

Net worth: $1.1 billion

Originally Croatian, the Luksic family owns Banco O'Higgins (named for Chile's national liberator Bernardo O'Higgins), prominent in the debt-for-equity deals that helped get Chile's boom going. The family group, founded by two brothers, Vladimir and Andronico, and run by the latter's sons, Guillermo, 36, Jean Paul, 27 and Andronico Jr., 38, controls assets stretching from Antofagasta Railway in the northern Atacama Desert to CNT Telefónica del Sur, the phone company serving Chile's southern fjords.

The family has diversified into brewing, hotels, farming and TV, plus stakes in two of Chile's biggest private mines, Los Pelambres and Lince. Its Madeco, S.A. does smelting and makes copper cable. Today the Luksics look outward, linking with South Korea's Lucky Goldstar and South Africa's Anglo-American and having absorbed Argentina's Indelqui. They're looking to expand in brewing and beef, also in Argentina.

Matte family

Net worth: over $1 billion

Old-line landholders dating to Spanish rule. Core of their modern wealth is La Papelera, a big paper company based on Chile's rich southern forests, that exports its products throughout the world.

Also own Banco Bice, one of Chile's largest. Today patriarch Eliodoro Matte Ossa, 85, and sons look to neighboring Argentina. Chile has become so prosperous that it is a source of capital in Latin America.

Argentina

Rocca family

Net worth: over $1 billion

Agostino Rocca (d. 1978) was Benito Mussolini's steel minister before immigrating to Argentina in 1945 and founding Techint Group, a steelmaking and construction outfit, in 1946 (FORBES, *Dec. 23, 1991*). Under son Roberto, now 70, Techint has expanded into oil exploration, waste management and toll roads. Its steelworks, Siderca, sells seamless pipe for oil drilling. Under Argentina's privatization program Techint has picked up a railroad. Soon they will be bidding on the big Somisa steel mill, which has been losing $1 million a day under the direction of the army.

Gentile

Roberto Rocca

Just an affluent Italian-American.

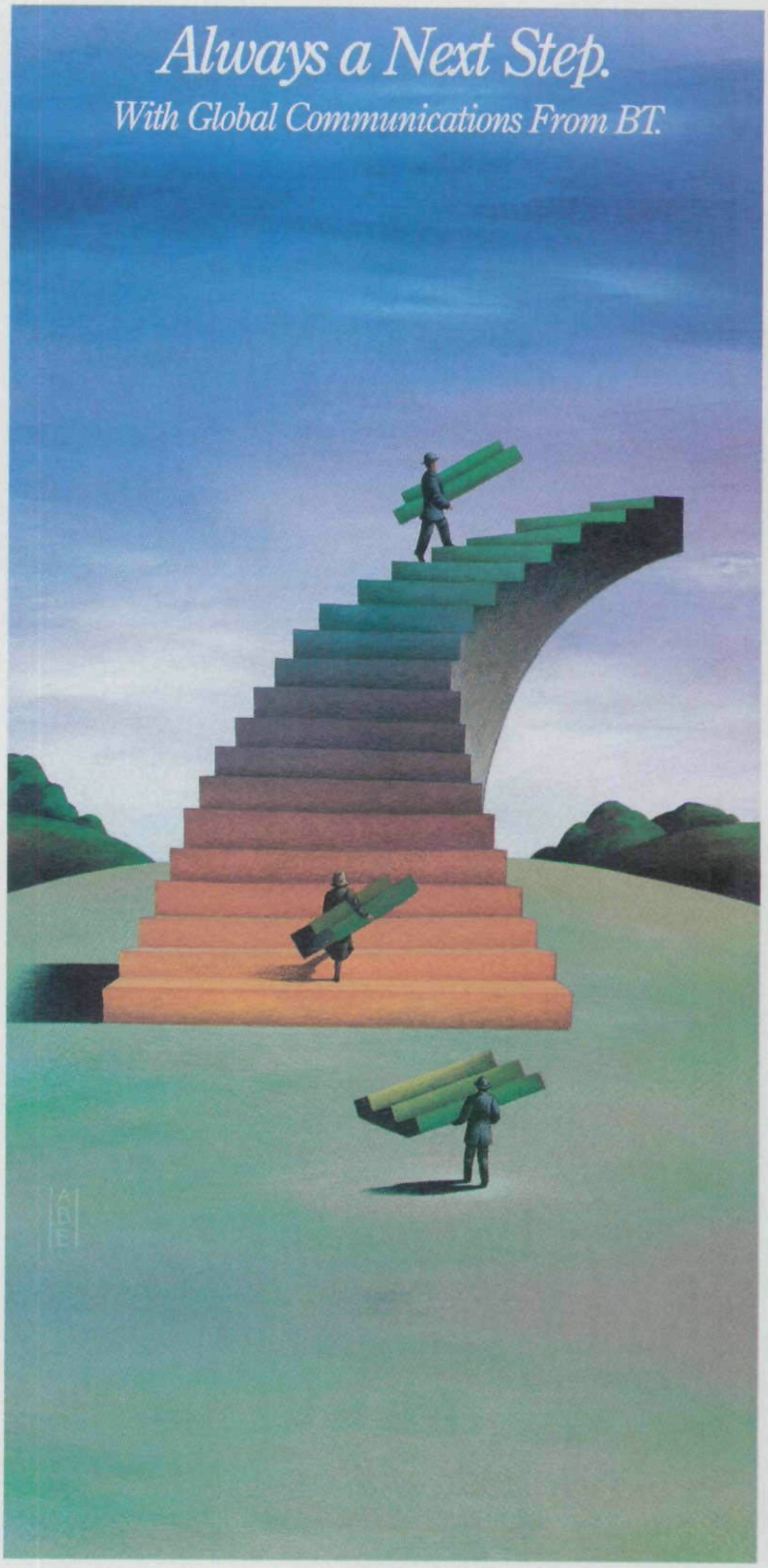
The Roccas, still Italian citizens, deny they are even close to being billionaires. FORBES disagrees.

Perez Companc family

Net worth: $2 billion

The Perez Companc clan owns 62% of the shares in their publicly traded Compañia Naviera Perez Companc. Founded 46 years ago, the company runs everything from the former King Ranch holdings on the pampas to nuclear power to Argentina's largest private bank (Banco Rio de la Plata). It is also exploring new ventures in the U.S., Peru, Brazil, Uruguay.

In the late 1980s Perez Companc and some partners bought up Argen-



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tinean sovereign debt at pennies on the dollar; in 1990 they traded the debt to the government for an interest in the state-owned telephone company, which was split into two entities—Telecom and Telefónica. When the state took them public in 1991, Perez Companc's $120 million investment was worth some $500 million.

The family is led by two surviving grandchildren of the company's founders: 57-year-old Gregorio Perez Companc and his 72-year-old sister, Alicia.

Colombia

Colombia is bigger and richer than many think: 32 million people and a thriving noncocaine economy. Its bolsa has nearly quadrupled since early 1991 (to a recent market cap of $8.1 billion). Many South America watchers believe Colombia will be the continent's next country to take off.

Julio Mario Santo Domingo

Net worth: over $1 billion

Santo Domingo, 66, controls 75% of Santo Domingo Group. Started by his father ("I am a product of inheritance," he says), it owns Colombia's Bavaria S.A. brewery and Avianca Airlines. Bavaria is the world's fifth-largest brewer; it acquired two breweries in Ecuador in 1983 and Portugal's Central de Cervejas last year, giving Santo Domingo virtual monopolies in Colombia and Ecuador, and about a 50% market share in Portugal.

Avianca was in terrible shape when Santo Domingo took control in 1985, buying out his rival, the Ardila Lulle Group. But there was nostalgia: Julio's father was reportedly the first Colombian to fly over Colombia. Santo Domingo will continue to invest to rescue the airline. Other assets include Banco Comercial Antioqueño, Colombia's third-largest private bank; an insurance company; and a nationwide TV and radio network.

Like many Colombians, Santo Domingo despises Colombia's drug lords—in 1989 the so-called Extraditables blew up an Avianca jet in midair (107 killed). Avianca long ago dropped out of the cargo business because so many flights arrived in the U.S. carrying drugs. With Colombia considered the next boom market in Latin America and the publicly traded shares of the Santo Domingo Group's companies racing ahead, there will be easier ways to make money.

Pablo Escobar Gaviria

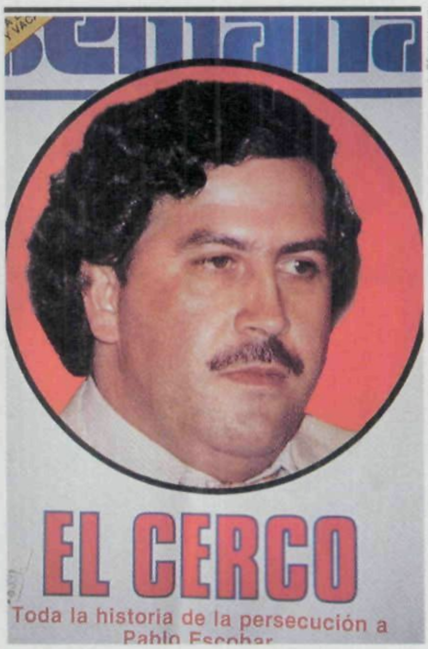
Net worth: over $2 billion

Ochoa family

Net worth: over $2 billion

And what of the narco billionaires? They're relaxing, in "jail."

Escobar Gaviria, 42, cofounder and head of the Medellín cocaine cartel, is in his self-designed prison in Envigado, Colombia, widely believed to still be running his cartel and managing the $2 billion he probably took out of the 1980s cocaine boom. Escobar's Medellín cartel cofounders, the Ochoa brothers Juan David, 44, Jorge Luis, 42, and Fabio Jr., 35, are also in comfortable Colombian jails. Among them, the Ochoas are believed to have cleared over $2 billion from the cocaine trade.



Les Stone/Sygma

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Escobar and his "jail"

Ordering more planes, oil drums.

The Medellín cartel is being overtaken by the Cali cartel, which may now have two-thirds of the cocaine market. But the thugs who run Cali haven't been in business long enough yet to have accumulated a billion.

Escobar and the Ochoas clearly have talented people moving and laundering their billions of ill-gotten proceeds. Says one police source: "We are always chasing our tail on this, because they are always way ahead of us in terms of their innovative laundering techniques."

But perhaps the police are looking too closely at high-tech techniques. Electronic fund transfers leave trails. Some sources whisper that the Ochoas and Escobar may be moving their money into Colombia from the U.S. the old-fashioned way, in planeloads or sealed oil-drum loads of untraceable greenbacks. Colombia's liberalized foreign trade rules help other local businessmen move their goods. Why not the drug lords, too?

—Pablo Galarza

Venezuela

Cisneros brothers

Net worth: over $1 billion

The $1-billion-plus Cisneros brothers, Gustavo, 47, and Ricardo, 43, run Venezuela's biggest private business, with aluminum, supermarkets and television. In February those TV stations came in handy, giving President Carlos Andres Perez a forum to denounce a military coup in progress.

Overseas they've long had British real estate, and in the U.S., Spalding sports equipment and Even-flo baby supplies. Their Venevision is about to launch the Spanish Cable Network in the U.S. They already sell program-

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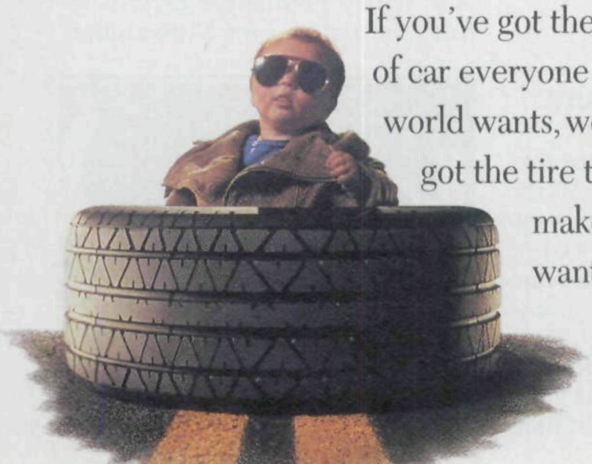

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ming to 25 countries, a market that will grow as state television networks privatize and incomes rise. The Cisneroses are considering U.S. broadcast TV, maybe teamed with Mexican broadcasting billionaire Emilio Azcarraga Milmo *(see Mexico)*, whose Televisa already does program swaps with them.

Brazil

While Chile and Argentina privatized and encouraged growth, Brazil talked about it but did little: Much of the economy still falls under state control, and too many Brazilians retain a vested interest in hyperinflation—still running at 25% a month, despite price controls.

But even Brazil is stirring. Brazilians have begun, painfully, to form a consensus about reforming their economy. State industries really are being privatized, private companies are returning to the bond markets for expansion money, and equity markets are rising.

Four of the five Brazilian billionaires began in the construction business, but all have diversified widely.

Ermirio de Moraes family

Net worth: over $1 billion

Ermirio runs the family conglomerate, Votorantim. It has over 50% of Brazil's cement market, and is big in aluminum, mining, paper and chemicals. The conglomerate is adding citrus by buying orange groves to produce and export juice.

Roberto Marinho

Net worth: over $1 billion

At 87, the builder of the $1 billion (sales) *O Globo* newspaper and *Rede Globo* TV-based conglomerate (from his father's single newspaper) is presently launching Brazilian cable TV. He hopes to participate in the privatization of Brazil's state-owned telecommunications systems, which serve half the continent and 150 million people. He's looking to practice with Portugal's newly privatized TV network.

Almeida brothers

Net worth: $1.3 billion

Cecilio, 62, and Enrico, 56, founded C.R. Almeida in 1954. The favored construction company in Paraná state, it built highways in the São Paulo-Curitiba corridor and is now looking for overseas contracts. Four Almeida sons help run the group, which is worth at least $1.2 billion and is diversifying into heavy construction and chemicals.

Andrade brothers

Net worth: over $1 billion

Gabriel, 66, and Roberto, 77, cofounded Andrade Gutierrez in 1948 with fellow engineering student Flavio Gutierrez. They built interstate highways, then dams, then urban projects—including Brasilia's subway. The brothers' two-thirds of the company is worth about $1 billion. Also active internationally, in Portugal, Zaire, Colombia, even building a condominium in Orlando, Fla.

Sabastião Camargo

Net worth: $1.2 billion

Founder of construction-based conglomerate Camargo Correa, the government's preferred builder for São Paulo state (20% of Brazil's population, over one-third of its GDP), Camargo's three sons are in the company but, at 83, he still won't let go. Worth at least $1 billion. Also involved with chemicals.

Canada

By Linda Killian

Edward S. (Ted) Rogers

Net worth: $1.1 billion

Rogers' father died when he was five, leaving an estate in disarray. All the assets, including his Toronto radio station, had to be liquidated. Ted Jr. never forgot. "I wanted to restore his name," he told FORBES. "I've always been driven by that." Now 59, Rogers has built Rogers Communications Inc. into a multibillion-dollar cable TV, cellular and telecommunications business (FORBES, *Feb. 19, 1990*), making him a new billionaire. Most important, he says, is ensuring that the company continues after he's gone. His four children show interest in the company, but his successor will be a professional manager. This year the company issued stock to pay down some of its $1.5 billion debt—and Rogers sold 6 million personal shares to pay off his own loans. But he's still building. Next Rogers plans to offer long distance phone service, competing against Bell Canada. Thanks to interest costs and depreciation charges, Rogers hasn't made a profit in ten years. "It's really stupid," says Rogers, "to cut out your long-term growth for short-term profitability."

Kenneth Roy Thomson

Net worth: over $6.2 billion

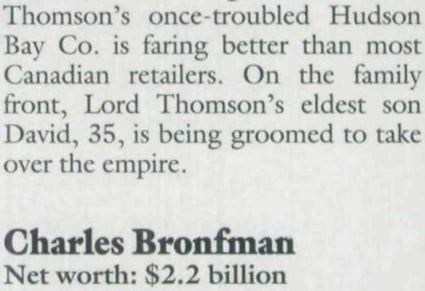
Thomson Corp.'s stock has held steady as other publishing, travel and retailing companies have suffered in the recession. Reasons: Under the attentive oversight of Kenneth Thomson, 68, the company runs small-town monopoly newspapers in the U.S. and Canada, and low-overhead niche titles like the *American Banker*.

The chief competitor of its British travel division has gone bust. Even Thomson's once-troubled Hudson Bay Co. is faring better than most Canadian retailers. On the family front, Lord Thomson's eldest son David, 35, is being groomed to take over the empire.

Charles Bronfman

Net worth: $2.2 billion

Since selling his Montreal Expos baseball team last year for $100 million,



Bill Becker/Canapress

Charles Bronfman

Israel's made more than baseball.

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Bronfman, 61, has put more money into troubled Cineplex Odeon to help pay down debt. His voting share is now up to 36%; it's worth around $50 million. Meanwhile, his Israeli investments—including ECI Telecom, Teva Pharmaceuticals and Optrotech, an electronics firm—are doing well and are together worth about $500 million. Value of the 17% of Seagram he inherited from his father: $1.7 billion.

K.C. Irving and sons James, Arthur and Jack

Combined worth: over $5 billion

In New Brunswick, the saying is you either work for the Irvings, do business with them or compete against them, but there's no way you can avoid them. The Irvings own gas stations, oil refineries, shipyards and ships, paper mills, forests, media properties. Founder Kenneth Colin, 93, is ailing, but sons James (Oily), Arthur (Gassy) and Jack (Greasy), all in their 60s, have reputations for hard work. They continue to expand in the U.S., where they already own over 300 gas stations and convenience stores in New England. A source close to the family says they won't be happy until their empire reaches Florida.

Garry and Galen Weston

Net worth: $2.2 billion and $1 billion, respectively

Galen Weston, 51, plays polo with the Prince of Wales and runs and owns 57% of Toronto-based grocery store and packaged food giant George Weston, Ltd., founded by his grandfather. He is dipping a toe in the U.S. food market with Crispy Crunch—the biggest-selling chocolate bar in Canada—and chocolate chip cookies and other packaged foods that the company makes for Wal-Mart and other chains. He also has a residential development under construction in Vero Beach, Fla. His Toronto-based Holt Renfrew is a tony chain of department stores, much like Henri Bendel or Bergdorf Goodman.

Brother Garry Weston, 65, is based in London, where he is chairman and 63% owner of another food giant, Associated British Foods, with interests in baking, grain trading and packaged foods. Profit is down slightly because of the cost of the late-1990 acquisition of British Sugar Plc., for $1 billion.

Eaton family

Net worth: over $1.2 billion

In recent years T. Eaton Co. Ltd., Canada's preeminent department store chain (estimated sales, $2.1 billion), has donated over $150,000 to Prime Minister Brian Mulroney's Tories. Last fall Mulroney named Stefan Eaton, 54, to be Canada's ambassador to Great Britain. Fred's brother, George Ross, 46, replaces him as company president. Two other brothers—Chairman John Craig, 55, and Thor, 49—help run the 123-year-old family company, Canada's third-largest retail chain behind Sears and Zellers. Through their stores, the Eatons own prime downtown real estate in major Canadian cities. They also hold 53% of public Baton Broadcasting, with 17 TV stations in Canada.

Are the Reichmanns in trouble?

Elizabeth Zeschin/Onyx

Paul Reichmann
At bay.

DON'T BET on it (FORBES, *July 22, 1991*).

Gulp! We sure blew that one.

Figuring private individuals' net worth requires endless intelligent digging, but in the end what we have are only highly educated guesstimates. Most are surprisingly close to the mark, but from time to time our estimates go haywire. We blush over our 1991 estimate for Canada's Reichmann brothers—Albert, 62; Paul, 60; and Ralph, 57.

We figured their net worth at about $7 billion. But in May an account filed with the Ontario Court of Justice said debts of the Reichmanns' development company, Olympia & York, exceeded its assets by $2 billion.

We seem to have been off by a nice, round $9 billion.

Actually, it wasn't that bad. An analogy: Suppose you buy a $100 stock on 50% margin. The stock drops to $45. If you're forced to sell into a distressed market, you're wiped out. After you sell, the stock may rebound—it was always worth more than $45 a share. When you are in financial trouble it isn't what property is worth that matters; it's what the market will pay.

We greatly underestimated the impact of the real estate slump on the current market value of even prime properties. We had plenty of company—including some of the smartest banks in the world.

Are the Reichmanns really underwater? We doubt it. Take Canary Wharf, the Reichmanns' 71-acre office and commercial project in the London docklands. O&Y sank around $3.2 billion into the project. Debt on it is just $2 billion—but the project is still in the development stage and cannot on its own throw off enough cash to meet that relatively small amount of debt.

Did the Reichmanns' assets really shrink by $9 billion in just one year? Of course not.

We were overgenerous in our assessments a year ago, but the market is unrealistically low today. We think that when the smoke clears, the Reichmanns will still be very rich. But for now they are off our list of the superrich. —L.K.

Made in America

Just over one-third of the world's billionaires are U.S. citizens. By our figures, there were 101 individuals or families in the U.S. with an estimated net worth of $1 billion or more out of a world total of 291. Germany, perhaps in part because it has minimal estate taxes, has proportionately more billionaires. With less than a quarter of the U.S. population, Germany has 44 billionaires or billionaire families. And even though the Japanese stock market and realty crashes have eliminated 7 billionaires from our list, Japan still has 34 individuals or families who qualify. Biographical and financial summaries of the American billionaires will appear in the eleventh annual Forbes Four Hundred issue this fall.

Name/Source of wealth	Net worth ($billions)
Gates, William Henry III/Microsoft	$6.4
Kluge, John Werner/Metromedia	5.9
Walton, Alice L./Inheritance (Wal-Mart Stores)	4.8
Walton, Jim C./Inheritance (Wal-Mart Stores)	4.8
Walton, John T./Inheritance (Wal-Mart Stores)	4.8
Walton, Helen/Inheritance (Wal-Mart Stores)	4.7
Walton, S. Robson/Inheritance (Wal-Mart Stores)	4.7
Buffett, Warren Edward/Financier	4.4
Wexner, Leslie Herbert/The Limited	3.7
Hillman, Henry Lea/Industrialist, venture capital	3.3
Arison, Ted/Carnival Cruise Lines	3.3
Redstone, Sumner Murray/Movie theaters, investments	3.2
Allen, Paul G./Microsoft	3.1
Newhouse, Samuel Irving Jr./Publishing, cable TV	2.8
Newhouse, Donald Edward/Publishing, cable TV	2.8
Bronfman, Edgar Miles Sr./Seagram Co.	2.4
Packard, David/Hewlett-Packard	2.4
Pritzker, Jay Arthur/Financier, manufacturing	2.3
Pritzker, Robert Alan/Financier, manufacturing	2.3
Perot, Henry Ross/Electronic Data Systems	2.2
Crown, Lester & family/Inheritance, industrialist	2.1
Mars, Forrest Edward Sr./Candy	2.0
Mars, Forrest Edward Jr./Candy	2.0
Mars, John Franklyn/Candy	2.0
Vogel, Jacqueline Mars/Candy	2.0
Anthony, Barbara Cox/Inheritance	2.0
Chambers, Anne Cox/Inheritance	2.0
Turner, Robert Edward (Ted) III/Turner Broadcasting System	2.0
Murdoch, Keith Rupert/Publishing	2.0
Bass, Sid Richardson/Oil	1.8
Bass, Lee Marshall/Oil	1.8
Koch, Charles de Ganahl/Inheritance (oil services)	1.8
Koch, David Hamilton/Inheritance (oil services)	1.8
Annenberg, Walter Hubert/Publishing	1.7

Name/Source of wealth	Net worth ($billions)
Knight, Philip Hampson/Nike	$1.6
Perelman, Ronald Owen/Leveraged buyouts	1.5
Bass, Robert Muse/Oil, investments	1.5
DeVos, Richard Marvin/Amway	1.5
Van Andel, Jay/Amway	1.5
Tisch, Preston Robert/Loews Corp.	1.5
Tisch, Laurence Alan/Loews Corp.	1.4
DeBartolo, Edward John/Shopping centers	1.4
LeFrak, Samuel Jayson/Real estate	1.4
Hewlett, William Redington/Hewlett-Packard	1.4
Bechtel, Stephen Davison Jr. & family/Engineering, construction	1.3
Getty, Gordon Peter/Inheritance (oil)	1.3
Helmsley, Harry Brakmann/Real estate	1.3
Ziff, William Bernard/Publishing	1.3
Hunt, Ray Lee & family/Inheritance (oil, real estate)	1.3
Davis, Marvin Harold/Oil, entertainment, real estate	1.3
Kroc, Joan Beverly/Inheritance (McDonald's)	1.3
Stern, Leonard Norman/Pet supplies, real estate	1.2
Johnson, Samuel Curtis/Johnson wax	1.2
Ludwig, Daniel Keith/Shipping, real estate	1.2
Johnson, Edward Crosby III & family/Investment management	1.1
Bren, Donald Leroy/Real estate	1.1
Rockefeller, David Sr. & family/Inheritance, banking, real estate	1.1
Fribourg, Michel & family/Grain trader	1.1
Gaylord, Edward Lewis/Media, real estate	1.1
Murdock, David Howard/Investments	1.1
Walton, James Lawrence/Wal-Mart Stores	1.1
Anschutz, Philip Frederick/Oil, railroads	1.0
Hill, Margaret Hunt & family/Inheritance (oil)	1.0
Cooke, Jack Kent/Real estate, investments	1.0
Dorrance, John T. III/Inheritance (Campbell Soup)	1.0
Dorrance, Bennett/Inheritance (Campbell Soup)	1.0
Malone, Mary Alice Dorrance/Inheritance (Campbell Soup)	1.0
Carlson, Curtis LeRoy/Entrepreneur	1.0

U.S. family fortunes estimated at over $1 billion

Name/Source of wealth	Net worth ($billions)
du Pont/Inheritance (Du Pont Co.)	$8.6
Rockefeller/Inheritance (oil)	5.0
Cargill & MacMillan/Cargill, Inc.	5.0
Hearst/Inheritance (publishing)	4.4
Mellon/Inheritance (finance)	4.3
Phipps/Inheritance (steel)	2.5
Haas/Levi Strauss	2.1
Lauder/Cosmetics	1.8
Scripps (E.W.)/Inheritance (newspapers)	1.8
Wattis/Inheritance (Utah International)	1.8
Ford/Inheritance (Ford Motor Co.)	1.7
Hall/Hallmark Cards	1.7
Bancroft/Inheritance (Dow Jones)	1.6
Hillenbrand/Caskets	1.6
Fisher/The Gap	1.6
Milliken/Textiles	1.5

Name/Source of wealth	Net worth ($billions)
Gund/Inheritance	$1.5
Blaustein/Inheritance (oil)	1.5
Chandler/Times Mirror Co.	1.4
McCaw/McCaw Cellular	1.4
Busch/Inheritance (Anheuser-Busch Cos.)	1.3
Smith/Illinois Tool Works	1.3
Hoiles/Newspapers	1.2
Disney/Inheritance (Walt Disney Co.)	1.2
Field/Inheritance, media	1.2
Kleberg/Inheritance (King Ranch)	1.0
Reed/Inheritance (timber)	1.0
Allen/Stock market, real estate	1.0
Collier/Real estate	1.0
Nordstrom/Retailing	1.0
Brown/Liquor	1.0
Dayton/Dayton Hudson	1.0
Lilly/Pharmaceuticals	1.0

Health insurance covered your surgery. Life insurance protects your family. Car insurance guards the old jalopy. Your homeowner's policy even protects the chair you're sitting in.

All you can lose is the nest egg that lets you sit there.

Japan real estate

By Gale Eisenstodt, Neil Weinberg and Kazumi Miyazawa

How does it feel to be maybe the richest businessman in the world and have it all tied up in Tokyo real estate? Not so bad.

Taikichiro Mori (right) touring his Shiroyama Hills project, 1990
Gentlemen prefer firmer rents.

Taikichiro Mori and family

Net worth: $13 billion

Mori, one of FORBES' most helpful sources on Japanese billionaires, has often said he wanted land prices to fall. This year the 88-year-old former economics professor—who is certainly getting his wish—welcomed us again. The current "necessary" downward adjustment will quicken, he predicted. Where's the bottom? Even Mori is not certain.

"At current prices, if you buy land, put up a building and receive rent, the yield is only 2% to 3%," Mori explains. "If you consider bank rates [the long-term prime is 6.1%], you can't make a profit. It will be good if [the yield] gets to around 4%."

Mori repeats his feeling that falling property prices will ultimately make the Japanese economy healthier. Land, explains the professor, becomes an obstacle to economic growth and political stability when it consumes 50% to 70% of a country's capital spending (as in Japan), and when workers cannot afford their own homes.

"When only the rich can buy a house," Mori worried, "average people have a sense of unfairness."

So far, the Mori family's own office buildings in Tokyo's primest-of-prime Minato Ward, near Parliament, seem little affected by falling prices. FORBES estimated the family was worth nearly $15 billion last year; we put them at around $13 billion this. (We have not included a bank of vacant land that is hard to value.)

We checked on concerns that Mori was in trouble. He looks solid. "Mori Building is an example of good sense in Japanese real estate," reports an outside real estate executive familiar with Mori operations. "They didn't get caught buying land at the top of the market. The question is how they will handle the first supply surplus since the late 1970s."

For now, interest rates on Mori's $4.3 billion known debt are falling and his rents are holding firm. But his big Shiroyama Hills office and apartment complex, opened last December, is filling more slowly than had been expected.

Mori acknowledges that the real estate contraction may eventually squeeze even him. "In the U.S. excess supply has caused lots of problems," he says. "Until now people thought Japan was different . . . but there are worries that America's experience will become Japan's tomorrow. Now when someone applies to be a tenant, if the rent is too high the negotiations are—well, not gentleman-like."

–N.W.

Yoshiaki Tsutsumi

Net worth: over $10 billion

And what of Tsutsumi, who is either the second-richest businessman in the world, or the richest by far? His Seibu Railway stock is way down. His real estate, good but not so good as Mori's, is off a bit. Tsutsumi, 58, officially owns 40% of family company Kokudo, formerly Kokudo Keikaku; that stake looks to be worth $10 billion or so, this year.

But wait. As in prior years, source after knowledgeable source tells FORBES that the "owners" of the other 60% of Kokudo are fronts, and that Yoshiaki Tsutsumi in fact owns the whole thing. If so, Tsutsumi is worth over $25 billion.

Whatever the truth of this matter, Tsutsumi runs his businesses conservatively. Debt is low, and Tsutsumi

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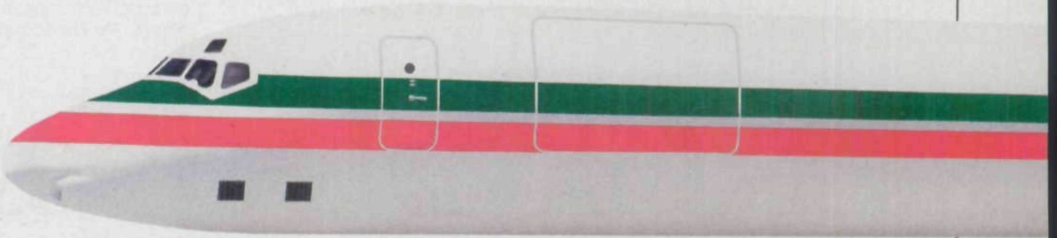

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Global access and the are synonymous.

It is interesting to contemplate how many other business jet manufacturers seem to have discovered the world lately.

The fact that they are now advertising the "global" capabilities of their airplanes, of course, simply reflects their anxiety to capitalize on the changing perspectives of business as a whole.

For many major corporations, a worldwide search for opportunities has become not merely a quest for growth, but perhaps survival.

This search is also triggering deeper change. Corporate strategies to achieve global objectives are reshaping virtually everything we thought we knew about the business of doing business. If this weren't enough, the once-familiar world order is in economic, political and sociological upheaval.

And yet, for all the astonishing speed with which it is changing, the global arena is one in which deliberate, face-to-face communications between principal decision-makers are more vital to success than ever before.

That should not be surprising.

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Which brings us back to those other business jets and our thoughts about them.

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Which brings us back to the idea of being there and seeing things for yourself.

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Morimoto/Gamma Liaison

Yoshiaki Tsutsumi
Worth $10 billion? Or $25 billion?

has impeccable political contacts. This may help explain why the site of the 1998 Winter Olympics is near his considerable land holdings in Nagano Prefecture, where some land values are still rising even in the real estate slump. –N.W.

Kitaro Watanabe

Net worth: maybe $2 billion

At his peak, Watanabe, now 58, may have been the third-richest man in the world. Starting with some car dealerships and no fear of debt, Watanabe leveraged his Azabu Group into ownership of 1 million square feet of land in and near Tokyo. The land holdings may have been worth over $9 billion, net, on paper in 1990. As long as bankers kept on pushing out loans, Watanabe could blow $240 million on Hawaii's Hyatt Regency Waikiki alone, and afterwards buy the Ala Moana Hyatt Regency and the Maui Marriott.

But Watanabe overextended himself. Last year Azabu's lead lender, Mitsui Trust, stepped in. Currently "adviser" Toshimi Shibata, a Mitsui Trust man, manages Azabu in order to pay down $6 billion in debt. Interest runs $472.4 million per year, nearly the equivalent of Azabu's total revenues.

Watanabe? He is chairman, but seems to have little decision-making power. These days he's known as one of the so-called AIDS cases—the Japanese media's acronym for Azabu, Itoman, Dai-Ichi Real Estate and Shuwa. (Shuwa's Shigeru Kobayashi dropped off this list in 1991.) Together, these developers constitute the biggest riches-to-rags stories in Japanese real estate.

Watanabe isn't broke—yet. Even now Azabu Group's properties are probably worth a couple of billion more than it owes. But if old Professor Mori is right, then one day Watanabe will be left with little more than exciting memories.

Tada family

Net worth: $1.8 billion

Most other developers may be hurting these days, but it is a great time for the Tada family.

Katsumi Tada, 47, is the founder and president of Daito Trust Construction. Last year Daito Trust's profits rose 35%. This year another strong rise is in prospect.

Tada is a major beneficiary of a reform this year, under which most "farmland" in cities will lose its preferred status and be taxed at residential rates. The upshot of this reform is that some 70% of existing urban farmland, at least 110,700 acres, will likely have to be developed.

Daito's main business: developing urban farmland. The $1.63 billion (revenues) company offers convenient one-stop service, combining construction, rental property management and tax planning. Tada often persuades farmers to let Daito Trust Construction develop their land by guaranteeing a minimum level of rental income to them.

Not that Tada's Daito has the field to itself. Japan's giant home builders are already moving in. Analysts worry that, with competition, Tada will find it tougher to cover his rental income guarantees. But for now the Tada family's Daito stock is worth $1.8 billion. –G.E.

Takei family

Net worth: $1.7 billion

Takei was nailed this year for evading $27 million in taxes owed on some $40 million allegedly made via insider trading. Punishment: four years in prison and a $3.9 million fine. It's the largest tax fraud to date by an individual in Japan.

Takei, 71, owns Chisan Group—hotels, golf courses and much else. Rather than appeal his conviction, he says he hopes to atone for his sins. "After creating such a sensation, I do not think it would be proper for me to say the punishment was too severe," Takei recently told a Japanese weekly. He added that he would like to become a Buddhist priest.

Kyodo

Hirotomo Takei
Jail ahead.

"All the criticism in the press taught me many things about myself I could not see before." –G.E.

Yoshimoto family

Net worth: at least $2.3 billion

Headed by Goroemon Yoshimoto, 70, and his second cousin Haruhiko, 68, the Yoshimotos have owned important properties in front of Osaka's train station for generations. Japan's second city, Osaka has been especially hurt by the collapse of the land bubble—officially, real estate values are down 21%, but that no doubt understates the fall. But the Yoshimotos' properties are prime. They're probably down in value by only 15% or so on average.

Otani family

Net worth: over $3.3 billion

New Otani group, headed by current patriarch Yoneichi Otani, 76, is also more solid than most. The group recently finished the New Garden Court office building. Situated next to their flagship New Otani hotel in Tokyo, New Garden Court is unusually stylish; fully rented, it is also an unqualified success.

The Otanis feel some pain from a slow-selling resort joint venture north of Tokyo. But low-debt, quality properties and a good name will see them through the current slump.

–N.W.

Rinji Shino

Net worth: $3 billion

Rinji Shino, 83, owns Meiko Group. Its major assets are a golf course in Osaka and real estate, mainly in western Japan.

In 1958, fearing arrest for violating the Agricultural Land Act, he fled to Paris with $14,000 stuffed in a money belt. The violation was eventually settled for $300.

A dedicated Francophile, Shino owns a French winery (Château Shino) and large land holdings near Paris. His daughter Shigeko, 50, runs the group's main companies.

Tamesaburo Furukawa

Net worth: over $1 billion

Furukawa is still with us. Now 102, he is the world's oldest known billionaire. Through his Herald Corp., he has for 70 years exhibited films in his chain of theaters, based in Nagoya, and reinvested the earnings in large tracts of rural land in central Japan. His grandsons run things, but Furukawa is still chairman.

Hayashibara family

Net worth: $2.2 billion

Fifty-year-old Ken Hayashibara heads Hayashibara Group, the family's over 100-year-old food and pharmaceutical company. Based in Okayama, southwest of Osaka, the $550 million (sales) company is active in biotechnology research and holds about 4,000 patents.

A conservative manager who doesn't like to put too much of his family's money on the line, Hayashibara likes to share risks by putting together partnerships with big companies for final development and distribution of new food and drug products. His younger brother Yasushi, 45, runs day-to-day affairs.

Isono family

Net worth: 1.9 billion or more

The Isono family owns 106-year-old Meidi-ya, the second-largest food and liquor wholesaler in Japan. Meidi-ya is a large shareholder in Kirin Brewery and a local Coca-Cola bottler.

Another company, Isono Real Estate, looks after the family's extensive property holdings, mostly in the wealthier sections of Tokyo. President Keiichi Isono, 48, is great-grandson of founder Hakaru Isono (1858-97).

Yohachiro Iwasaki and family

Net worth: over $3 billion

Iwasaki, 90, founded Iwasaki Group in 1923. Its activities include gas stations, lumber processing, taxi and bus companies, resort development and food processing and distribution. The company is headquartered on Japan's southernmost island, Kyushu, where Iwasaki owns much land. The company is run by Iwasaki's son Fukuzo, 67, and his grandson Yoshitaro, 38. They are currently expanding huge "Capricorn Iwasaki" resort, near Australia's Great Barrier Reef.

Eitaro Itoyama

Net worth: $3.2 billion

Eitaro Itoyama, who inherited large real estate holdings from his father, was a member of the Diet's lower house until he lost his bid for reelection in 1990. Now 50, he has been spending his time looking after his Tokyo-based Shin Nihon Kanko Kogyo. Its assets include golf courses, resorts and substantial holdings of undeveloped land.

Japan industry

Kiyoshi Sagawa

Net worth: over $1 billion

Starting with a bicycle, Sagawa, now 70, built Kyoto-based Sagawa Express into Japan's second-largest parcel delivery service. He curried favor with politicians and gangsters; Sagawa Express is now at the center of a huge scandal involving the former president of the Tokyo operations. Sagawa resigned as chairman in May. Son Eiichi Kuriwada is in charge.

Junichi Murata

Net worth: $3 billion

Kyoto-based Murata Machinery makes textile machinery, robots and machine tools but is best-known for low-cost facsimile machines. The Japanese market for fax machines is a battleground. The U.S. isn't easy either—Fujitsu has announced it's withdrawing from the low end of the market in the U.S.—and Murata's profits have slumped for over a year. Murata, 56, isn't retreating. He just built an R&D center to apply computer technologies to his businesses.

Yasuo Takei and family

Net worth: $2.5 billion

Ryoichi Jinnai and family

Net worth: $1 billion

Kinoshita family

Net worth: $1 billion

These three billionaire families are moneylenders who make unsecured personal loans at legal rates of up to 40% per annum. They used to be called *sarakin*. Takei, 62, founded Takefuji. Jinnai, 66, built Promise.

Two consumer electronics giants, humbled

Peter Freed/Sygma

Sony founder Akio Morita

Paying the price of entering Hollywood.

Kyodo

Matsushita family head Masaharu Matsushita

An Osaka woman got $400 million of the company's money.

Morita family

Net worth: about $1 billion

As the line between computers and consumer electronics products blurs and as software becomes more important than ever, Akio Morita is struggling to turn Sony Corp. into an electronics and entertainment company. In the last four years Sony has spent nearly $7 billion to buy Columbia Pictures Entertainment, CBS Records and other entertainment properties. But reshaping a big company like Sony is difficult; electronics goods sales are basically flat. Last year the parent company posted an operating loss of $162 million, its first ever as a public company. These are some of the hardest times since Morita, now 71, and a partner, Masaru Ibuka, founded Sony in 1946. The stock market has punished Sony: Its NYSE-traded ADRs have dropped from about 56 in 1990 to a recent 32.

Matsushita family

Net worth: $1 billion

The heirs of Konosuke Matsushita (1894-1989) share most of the problems facing archrival Sony's Morita. They also have their own problem: A finance subsidiary of flagship Matsushita Electric Industrial (MEI), bluest of blue chips, made a $409 million loan to Nui Onoue, the now infamous—and bankrupt—Osaka restaurateur and stock speculator supreme who took top financial institutions to the cleaners for roughly $2 billion. Matsushita family head and MEI Chairman Masaharu Matsushita, 79, took a ritual pay cut. Two vice presidents were demoted. MEI's earnings fell by half. Matsushita's entertainment arm—MCA, for which it paid over $6.1 billion in 1990—is doing poorly at the box office.

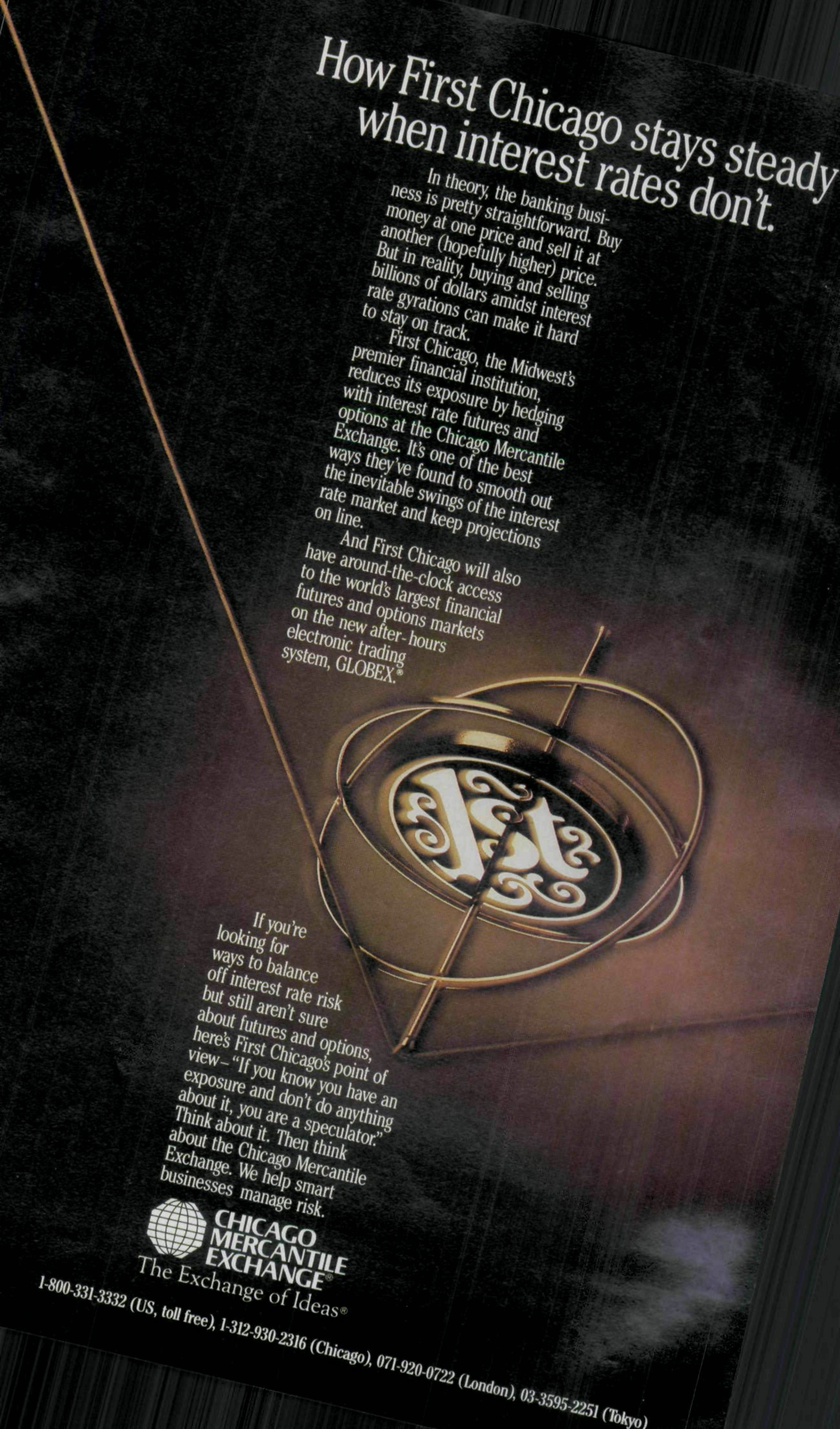
The Kinoshita clan's company is Acom. They and other consumer lenders have done quite a job. Since 1986 Japanese consumer debt has more than doubled, to $497 billion last year. Credit cards issued nearly doubled, to 187 million.

With the Japanese economy in a bad slump, how are the moneylenders faring? Not too badly, so far. Unemployment is a mere 2% in Japan, so consumers still have paychecks coming in. At all three firms, loan charge-offs are up only slightly.

But all three are bracing for trouble. In 1991 there were 23,288 personal bankruptcies in Japan, more than double 1990's figure. Analysts predict 40,000 this year. That may be just the tip of a bad debt iceberg. Kenji Utsunomiya, a bankruptcy lawyer in Tokyo, figures at least 1 million individuals are having problems making interest payments; half, he adds, are as good as bankrupt.

Who are these unthrifty borrowers? Many are Japanese in their 20s who borrowed to buy expensive clothes and jewelry and to travel abroad. "People spent too much with no understanding of how to manage debt," sighs Yoshiki Okada, a managing director at Acom. Many debtors counted on working overtime to pay off credit cards and loans. But overtime has been drastically cut as the economy has slowed.

The consumer debt cloud may well rest over Japan for some time to


How First Chicago stays steady when interest rates don't.
In theory, the banking business is pretty straightforward. Buy money at one price and sell it at another (hopefully higher) price. But in reality, buying and selling billions of dollars amidst interest rate gyrations can make it hard to stay on track.
First Chicago, the Midwest's premier financial institution, reduces its exposure by hedging with interest rate futures and options at the Chicago Mercantile Exchange. It's one of the best ways they've found to smooth out the inevitable swings of the interest rate market and keep projections on line.
And First Chicago will also have around-the-clock access to the world's largest financial futures and options markets on the new after-hours electronic trading system, GLOBEX.®
If you're looking for ways to balance off interest rate risk but still aren't sure about futures and options, here's First Chicago's point of view–"If you know you have an exposure and don't do anything about it, you are a speculator." Think about it. Then think about the Chicago Mercantile Exchange. We help smart businesses manage risk.
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come. Japanese card issuers don't release data on users, so the consumer finance companies have no way to know if a potential customer is already deep in debt.

Japan's banks, card issuers and consumer finance *sarakin* are still only talking about swapping this information. "The problem is nobody wants to give information to competitors," says Okada. Better to make a bad loan, the feeling seems to be, than tell a competitor anything.

–G.E.

Murayama family

Net worth: well over $1 billion

The Murayamas have a big stake in Japan's huge *Asahi Shimbun* newspaper (circulation, 8.2 million). The recession is crimping advertising budgets and the Asahi's management has yet to figure out how to crack the U.S. market. (*Japan Access,* Asahi's weekly English-language newsletter in New York, has met a lukewarm response.) But the paper has deep pockets. *Asahi Shimbun* is financing a new headquarters building and concert hall, due for completion in August, without taking on a yen of debt. –N.W.

Tetsuo Ohga

Net worth: $2 billion

Ohga, 67, runs the Shogakukan Group, including its two main publishing companies: Shogakukan and Shueisha. Both are big in comic books, very popular in Japan with adults and children. (*Shonen Jump,* the most popular, sells 5.7 million copies a week.) The business isn't immune to recession, but sales are holding up reasonably well. Industry sources say Shueisha editors are especially quick to sense changes in what's popular. In the 1980s their books were filled with tales of romance. But with recession on salarymen's minds, tales that revolve around life at the office are big hits. –G.E.

Hattori family

Net worth: $1.4 billion

Their Seiko group is still a close second to archrival Citizen in watch production, but Seiko is far behind in selling movements to other Asian watch producers. The Hattoris' manufacturing arm, Seiko Epson, known for printers and other computer equipment as well as timepieces, is expected to post a second year of declining sales and possible losses. Seiko is a household name, but to stay one, it will have to figure out how to get back on track. –N.W.

Teramachi family

Net worth: $1 billion

Hiroshi Teramachi, 68, is founder of $617 million (sales) THK, a maker of precision bearings. In the U.S., THK owns THK America. THK's earnings plunged 50% in the fiscal year ended March. A big reason: a $75 million paper loss on holdings in other publicly traded Japanese companies. The Teramachi family's THK stock has slid a split-adjusted 60% during the last year, wiping over $1 billion off their net worth.

Hisakichi Yamaguchi

Net worth: $2.5 billion

Born in Korea before it was divided, Yamaguchi, 81, founded Daiwa Can Co. in 1950. An affiliate of Nippon Steel, it has 30% of Japan's can market. Daiwa Can has no debt and seems to be coming through the recession in fine shape. A potential growth market: Japanese beer breweries. About a third of Japanese beer is sold in cans, versus 60% in the U.S.

Hiroshi Yamauchi

Net worth: $1.3 billion

As president of Nintendo, the Yamauchi family's videogame company, Hiroshi faces tough competition from Sega (FORBES, *Sept. 2, 1991*). The falling stock market has pummeled Nintendo stock.

Last month major league baseball owners retreated from their chauvinistic position and approved the sale of the Seattle Mariners to a Yamauchi-led group for $100 million. To finance the purchase, in February Yamauchi sold $47 million of his Nintendo stock (about 600,000 shares). To raise that much at Nintendo's peak, in August 1990, Yamauchi would have had to sell 236,000 shares (adjusted for a split).

Yoshida family

Net worth: at least $1 billion

Tadao Yoshida, founder of zipper company YKK, is 83 and ill. Son Tadahiro, 45, is taking charge. In Japan, YKK has a big aluminum building materials operation, which has been hit by falling housing starts and weak commercial construction. But YKK officials think the worst is over. Lower interest rates are sparking a slow recovery in building; YKK's building materials company is forecasting 5% growth in sales this year. The U.S., too, looks better. This year YKK will start full operations on a building materials plant in Georgia, where it has produced zippers for many years.

Takenaka family

Net worth: over $3.4 billion

The Takenaka family controls centuries-old Takenaka Komuten, one of Japan's largest construction companies. The government is talking about a host of public works projects to spur a recovery. That would certainly bolster Takenaka Komuten's earnings. But prospects for private works—office buildings, factories and warehouses—remain bleak.

The Takenakas have another, longer-term problem: Young Japanese do not want to work in construction. The average age in construction is now 47, extremely high for an industry that demands lots of physical labor.

Masatoshi Ito

Net worth: $2.5 billion

Hardship has a way of favoring the strong, and Ito's Ito Yokado Group is among the strongest of Japan's retailers. Net profits jumped 6.2% in the year through February, a poor year for most retailers.

How does Ito, now 68, who started with nothing, do it? With disciplined central control, responsiveness to customers, and precise product management. For example, clerks at Ito Yokado's 4,600 7-Eleven Japan stores register the time of purchase, gender and rough age of each customer on point-of-sale systems, to fine-tune each store's offerings. (Ito Yokado also has supermarkets and general merchandise superstores.)

Long 7-Eleven's licensee in Japan,

Fujifoto

Masatoshi Ito

Now here's how to run a 7-Eleven. . . .

Ito bought 70% of bankrupt Southland Corp. last year. Now Ito is exporting his marketing techniques to the 7-Eleven Hawaii chain and U.S. mainland stores. –N.W.

Otsuka family

Net worth: $2.5 billion

Akihiko, 54, is the hard-driving president of $2.5 billion (sales) Otsuka Pharmaceutical, founded in 1964 by his father, Masahito. Japan's Ministry of Health & Welfare severely reprimanded the company last October for submitting false postmarketing survey data on a newly developed heart stimulant, Arkin-Z.

This was a severe setback: The drug was supposed to boost Otsuka's reputation and carve out niches in the U.S. and Europe.

Fortunately for the family's net worth statement, the company's substantial business in consumer beverages, some laced with vitamin C and other vitamins, is holding up well. A 10% price hike, the first in almost a decade, will sweeten profit margins. –N.W.

Kunio Butsujima

Net worth: $1.5 billion

Kenkichi Nakajima

Net worth: $2.4 billion

Kunio Butsujima, 67, made his fortune by following in fellow billionaire (and business rival) Kenkichi Nakajima's footsteps. Lately, however, the follower has become the leader. The story:

Nakajima, 71, founded Heiwa, long the preeminent maker of pachinko machines. In 1966 Butsujima, once a director at Heiwa, founded Sankyo Co. Butsujima's company is Heiwa's fiercest rival.

Last year Butsujima brought out new pachinko machines with imaginative electronic gimmicks and sound. The machines were a big hit and Sankyo's sales topped Heiwa's for the first time. This year Sankyo's sales were $629 million, versus Heiwa's $537 million. By one estimate Butsujima's Sankyo now has 22% of the pachinko machine market, versus Heiwa's 21%.

The prospects for both companies remain good. The bursting of Japan's economic bubble did not hurt Japan's $110 billion revenues pachinko industry, which now accounts for 20% of all Japanese expenditures on leisure. "When the economy is down, people have more free time to spend playing pachinko," says Richard Ko, analyst at Barclays de Zoete Wedd in Tokyo.

Yet Nakajima's stock has fallen 50%, slashing some $2.7 billion off his net worth. Challenger Butsujima, new to our list this year, has seen Sankyo's share price fall 50% since his company listed on Japan's o-t-c market last October.

–G.E. and Lisa Twaronite

Keizo Saji and family

Net worth: $1.4 billion

Saji, Suntory Ltd.'s 72-year-old chairman, has a problem. The Japanese aren't drinking the way they used to. Wine sales were off 15% in 1991. Distilled liquor, more than half Suntory's volume (and it has 70% of the whiskey market), grew just 1%. Beer margins, meanwhile, have been eroded by ephemeral "new beers" from desperate competitors.

Net result: Pretax earnings at the Saji family's proud old spirits company have fallen the last two years running.

To reduce its dependence on alcohol, Suntory is launching a pharmaceutical business, specializing in cardiovascular and anticancer drugs. By the year 2000 Saji hopes to see it earn about twice as much as the $82 million a year (pretax) that Suntory now makes mostly on booze. Saji is also into bottled water in the U.S. (Brands include Polar and Crystal Springs.) In Tokyo he's trying out a franchised version of health-food-oriented U.S. sandwich chain Subway.

Uehara family

Net worth: $1.2 billion

The Ueharas' Taisho Pharmaceutical is a major player in Japanese "health drinks." Japanese salarymen are addicted to these beverages, which are reputed to cure hangovers and to energize exhausted workers. Most contain some vitamins and a slug of caffeine. Taisho's pioneer concoction, Lipovitan D, has been a hit since 1962. The health drink market increased a steady 7% to 8% a year through 1989—then jumped 15% in 1990. Last year it was up again.

Are the Sajis of Suntory listening? –K.M.

Brazil's integrated oil company is reinforcing its position in the international arena. Recognition by the Offshore Technology Conference of PETROBRÁS' deep-water technology has paved the way for the company to cast its business net wide and join the mainstream of the oil industry.

PETROBRÁS: Brazilian technology for the world

PETROBRÁS, the Brazilian state-managed oil company, has been gaining experience for nearly four decades. As the largest Brazilian company, PETROBRÁS is involved in everything from oil prospecting and drilling to exploration, production, transportation, refining and distribution of oil derivatives. The company also has a stronghold in the production of basic and downstream petrochemicals and fertilizers.

With more than 500,000 shareholders, PETROBRÁS is a blue chip in Brazil's stock market. Its reliability and solid assets have encouraged institutional investors to purchase bonds issued over the last months in the capital markets.

Created in 1954, PETROBRÁS has boosted Brazil's oil production from a mere 2,700 barrels per day (BPD) to the current 700,000 BPD output, meeting nearly 60% of domestic demand. The company has used its onshore and offshore expertise to develop water deep off Rio de Janeiro's coast as well as oil fields deep in the Amazon forest.

World recognition of the company's success came in May 1992, when PETROBRÁS won the coveted Offshore Technology Conference (OTC) Distinguished Achievement Award, the highest international prize in offshore technology, for developments in deep-water crude production.

PETROBRÁS' international arm, BRASPETRO, is ready to share its expertise worldwide. An ample spectrum of onshore/ offshore projects and services is available through BRASPETRO.

THE OTC AWARD

PETROBRÁS was granted the Distinguished Achievement Award at the 1992 meeting of the OTC, held in Houston, Texas, on May 5. Dennis Gregg, OTC president, said that the innovations introduced in deep-water production technology and the "can do" spirit shown over the last years place PETROBRÁS in a leading position in the oil industry. Recognition of the company's contributions to state-of-the-art technology in the oil industry also demonstrates its active presence in the international market.

Guilherme Estrela, general-manager of Cenpes, the PETROBRÁS Deep Waters Excellence R&D Center, represented the company during the award ceremonies. In his speech, he pointed out that deep-water developments have involved investment of US$70 million over the last six years (1986-1991). Deep-water production technology has been assigned priority since the oil shock of the 1970s, when imports seriously upset Brazil's trade balance. PETROBRÁS focused efforts on activities at the Campos Basin, offshore Rio de Janeiro. Prospecting led to the discovery of the Garoupa, Enchova, Albacora, Marlim and Barracuda fields. Water depths increased gradually from 393 feet (120 meters) at Enchova to 6,560 feet (2,000 meters) at the Marlim and Albacora fields. The Campos Basin exploitable reserves alone are estimated at 6 billion barrels BOE (barrels of oil equivalent = oil plus gas).

By the early 1980s, offshore fields at Campos Basin were producing 140,000 barrels per day. Crude production is currently achieved down to 2,460 feet (750 meters), almost twice as deep as the deepest subsea wells in the Gulf of Mexico and in the North Sea. These feats were welcomed by the petroleum industry,

Photo: Enrique Fernandes

Floating Production System operating in Campos basin.

The Deep Water Award by OTC recognized world-class Brazilian technology.

World Records Established by PETROBRÁS

PETROLEO BRASILEIRO S.A.

Deepest oil strike	*5,133 ft.*	*(1,565m)*
Deepest subsea completion	*2,562 ft.*	*(781m)*
Deepest pipeline laying	*2,312 ft.*	*(705m)*
Deepest use of semi-submersible platform	*2,050 ft.*	*(625m)*
Deepest water level monobuoy	*1,328 ft.*	*(405m)*
Deepest producing well	*2,466 ft.*	*(752m)*

whose leaders know deep waters are one of the last frontiers where giant reserves are available to be tapped.

Over the last 20 years, PETROBRÁS' commitment to crude production increased onshore/offshore output from 170,000 barrels per day to just under 700,000 BPD average in 1991, slashing imports from 80% to 40% of domestic consumption. Offshore oil production currently accounts for more than 400,000 barrels per day, and these levels will be increased with the production coming soon from the giant fields of Marlim, Albacora and Barracuda, all in the Campos Basin. PETROBRÁS aims to produce 1 million BPD crude and 19 million cubic meters of gas by 1995 and, by the year 2000, 1.5 million BPD and 70 million cubic meters of gas, a significant step toward self-sufficiency in oil and gas.

REACHING 2,000 BY THE YEAR 2000

As it progressed toward deep waters, the company developed expertise and equipment to produce oil at depths of 3,280 feet (1,000 meters) while setting the goal of reaching 6,560 feet (2,000 meters) by the year 2000. One of the outstanding innovations was the use of Floating Production Systems (FPS), replacing the old-fashioned and costly Fixed Production Platforms. Floating Production Systems shorten the time between crude discovery and on-stream production from four years (using conventional methods) to just 12 months. Production costs are reduced and the process is simplified, thus paving the way for reliable deep-water exploitation.

FPS required a wide array of complementary technology also developed by PETROBRÁS, such as the Vitória Régia production semi-submersible, template manifold Octos 1000, Guidelineless Wet Xmas-tree and Muxcom, a multiplexed control and monitoring system, among others. All are designed for water depths reaching 3,280 feet (1,000 meters).

PETROBRÁS is operating 11 FPS units in water depths reaching 1,312 feet (400 meters). A world pioneer FPS unit that can reach 2,050 feet (625 meters) is on stream at Marlim Field, Campos Basin, which will add 50,000 barrels per day to Brazilian total production by the end of 1992.

Photo: Jonio Machado

CENPES, PETROBRÁS' Deep Waters Excellence R&D Center in Rio.

The Right Partner in the Right Places

PETROBRÁS INTERNACIONAL S.A.-BRASPETRO is a subsidiary dedicated solely to international activities. It has been active for 20 years as an integrated oil company for exploration and production, refining, transportation and distribution of oil products. BRASPETRO also engages in rendering services and technical assistance both up and downstream.

Its strategy in selecting countries and areas is based mainly on the competitive advantages normally associated with three aspects of operation: 1) technical capability in geological knowledge and expertise developed for deep-water operations, 2) a favorable political environment in which a state-owned company would be accepted, and 3) joint projects with the parent company in purchasing oil and gas.

The company has operated at various times in more than 20 countries. One of its most important achievements was the discovery of the giant fields of Majnoon (1976) and Nahr-Umr (1978), in Iraq, with estimated reserves exceeding 30 billion barrels of oil.

BRASPETRO is currently operating in eight different countries: offshore Angola and Argentina; onshore Colombia, Ecuador and Libya; in the North Sea in Norway and the United Kingdom; and in the U.S., both onshore in Texas and offshore in the Gulf of Mexico. In 1991, the company's production reached 5 million barrels of oil equivalent (a daily average of 13,700 BOE) and 29 exploration and development wells were drilled. Investments in exploration and development amounted to US$103 million.

Other Asia

Hong Kong

By Gregory Viscusi

Suddenly, hope and greed shove aside fear as Hong Kong contemplates takeover by China in 1997. The stock market is up 40%. Land is up 50%. The market seems to be saying that Hong Kong will take over China—and maybe it will.

In 1997 Hong Kong will become China's third-biggest city (it has 5.8 million people, Beijing 6.8 million, Shanghai 7.3 million). More important, Hong Kong will be China's undisputed fountainhead of capitalism. It is already the main business hub for the rest of Southeast Asia. If China rejoins the world economy, Hong Kong's billionaires are beautifully positioned for years of rapid growth.

Gordon Wu and family

Net worth: $1.1 billion

One of the biggest beneficiaries in Hong Kong of the economic boom in southern China.

Cheng Yu-tung

Net worth: $1.8 billion

Now 66, Cheng was an early investor in Guangdong, and his aptly named New World Development Co. Ltd. construction company has been one of the hottest stocks in Hong Kong, up 64% this year. New World is building a road system and apartment blocks in Guangzhou and a power plant in Zhujiang and is managing seven mainland hotels. Risk? Son Henry Cheng, 45, told FORBES that given China's ultralow costs, risks are higher in expensive Hong Kong.

Cheng has paid down much of the debt from buying U.S.-based Ramada hotels in 1989. Cheng reportedly bought 187 acres of residential land in Ontario in 1987, after a 15-minute visit on his way to the airport.

Lee Shau-kee

Net worth: $2.4 billion

After building relatively cheap housing for Hong Kong's middle class, Lee is moving into Guangdong. Shares in his Henderson Land and Henderson Investment are up over 50%. Lee, 64, is still developing cheap Hong Kong land he bought in the 1950s, and has picked up land in Guangdong to repeat his formula.

Li Ka-shing

Net worth: $3.2 billion

The colony's most famous billionaire, Li, 64, controls many companies. The most important: Hutchison Whampoa, with telecommunications, ports and energy interests, and property developer and holding company Cheung Kong. Other assets include the largest mobile telecom operator in Britain, Hutchison Telecommunications; a piece of a Reichmann building in New York; all of Canada's Husky Oil. His Star TV, run by son Richard, 25, has started beaming five channels by satellite; Star's footprint stretches from Turkey to Japan.

In May, Li took a stake in troubled Japanese real estate giant EIE Development's Hong Kong operation. His port division handles about half of Hong Kong's container traffic, which is how much of China's $62 billion in annual exports reach the world.

Y.K. Pao family

Lincoln Potter/Stock House

Peter Woo, Wharf Holdings

Buying in Hong Kong, too.

Net worth: well over $2.2 billion

Y.K. Pao died last September; his four sons-in-law now run the empire. One, Peter Woo, 46, has been buying hotels in Texas and New York; he's

looking in California. Back home he oversees World International (Holdings) and Wharf (Holdings). Wharf is bidding for Hong Kong's first cable TV network, its fourth cellular phone system and more land to develop. Woo also wants to upgrade Wharf's port terminals.

The other sons-in-law: Austrian-born Helmut Sohmen, 52, runs the Paos' World-Wide Shipping Agency, with 73 vessels. Shinichiro Watari, 45, runs a Tokyo-based trading company. Edgar Cheng, 48, handles the family investment portfolio.

Kadoorie family

Net worth: $3 billion

The Kadoories, who arrived in Hong Kong more than 100 years ago from Iraq, own 64% of the Peninsula Hotel group. But their most exciting asset is a 33% stake in China Light & Power. Recently the Hong Kong government removed some restrictions on selling spare power to Guangdong Province (pop. 64 million). Under 51-year-old Michael Kadoorie (his father, Lord Lawrence, is 93 and ailing), China Light has doubled its transmission capacity to the border. Now it is investing in a nuclear power plant and a hydroelectric project in China. Meanwhile, electricity demand in Hong Kong is growing 7% a year. Says Hazel Moore, analyst at W.I. Carr: "The stock is fantastic, one of the best on the [Hong Kong] market."

Kwok family

Net worth: $4 billion

The three Kwok brothers own 49% of Sun Hung Kai Properties, which sits on one of the largest undeveloped land banks in the colony's New Territories. They continue to put up apartment buildings at a steady clip. Chairman Walter Kwok, 41, Vice Chairman Thomas, 40, and Raymond, 39, haven't yet ventured into China. But the market loves their stock—since December it has appreciated 46%.

Swire brothers

Net worth: $2 billion

The Swires—Sir Adrian, 60, and Sir John, 65, both U.K. residents—control Swire Pacific. It owns primarily commercial real estate but isn't starting much new building as the Swires wait for a land-price correction. Swire Pacific's stock is up 50% this year, probably on speculation that their airline, Cathay Pacific, will coin money as the capitalist revolution in Guangdong sweeps north to Shanghai and Beijing.

Lincoln Potter/Gamma-Liaison

Li Ka-shing, billionaire conglomerator
Yes, diversification worldwide, but billions invested at home.

Macau

By Gregory Viscusi

Stanley Ho

Net worth: at least $1.1 billion

Probably nowhere does one businessman so dominate his home turf as Ho does in Portuguese Macau. Ho, 70, controls Sociedade de Turismo e Diversoes de Macau (STDM); it runs Macau's casinos—which provide half the colony's government revenues—and much of its tourism infrastructure. He also owns hotels and other properties and Shun Tak Shipping, which runs the ferry to Hong Kong.

In 1999 Macau will revert to China. Like Hong Kong, it could become a gateway to booming south China. A deepwater port is partially open; an airport is planned for 1994. An industrial park, residential developments, maybe an airline, are at the thinking stage. Ho is deeply involved.

Born in Hong Kong to a Portuguese mother and a Chinese father who went bankrupt when Stanley was a boy, Ho fled to Macau during World War II and traded between the Japanese army and the colony. In 1962, with several partners and allies,

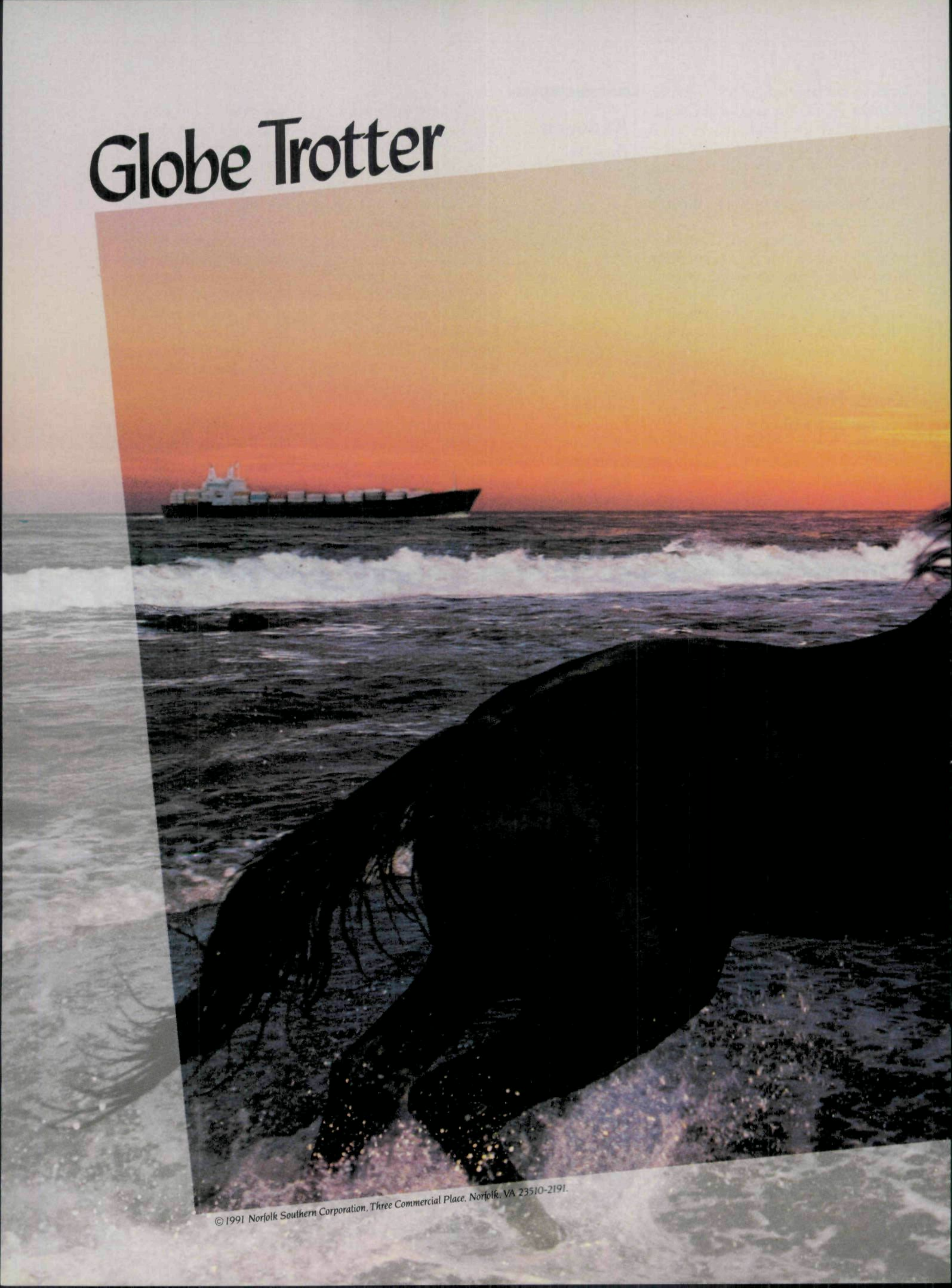
Stanley Ho
Come. Gamble. Have fun. Bring money.

some shady, he won Macau's gambling license. Profits from the Chinese love of gambling have flowed in ever since. Ho is a sociable, suave cosmopolite. Tragically, his eldest son died in a car crash. His other son is still in school, and Ho has reportedly fallen out with close associates. Who will succeed him is a question whose answer is shrouded in mystery.

Taiwan

By Linda Killian

Taiwan is awash in liquid assets. As of March, its foreign exchange reserves came to $82.5 billion; just over $4,000 per citizen, that's by far the world's highest reserves per capita. Taiwan's billionaires are recycling the reserves into overseas investments and, in several cases, adding value by starting new banks.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Chang Yung-fa

Net worth: over $1.3 billion

Chang, 65, built the world's largest container shipping line (Evergreen) and is now building an airline: EVA Airways began flying last year to Asian destinations and Vienna. On order are nearly $4 billion of U.S. aircraft. He hopes to add New York and Los Angeles by year-end (and finish a new Los Angeles hotel by 1995). Next stop: China, where Taiwanese investment is rising fast.

Koo family

Net worth: over $1.5 billion

The Koos' China Trust group has a joint venture with the Taiwanese government's China Airlines. Their new Mandarin Airlines is already serving Sydney, and will probably add Canadian cities this year.

Headed by Jeffrey Koo, 59, the family is also well placed for the new opportunities opened up by Taipei's decision to liberalize banking laws. China Trust won one of 16 new banking licenses. The Koos already have a New York bank and want to build a global financial services network. Another major holding: Taiwan Cement, the island's largest producer.

Hsu family

Net worth: $2.5 billion

With their new banking license, the Hsus have opened Far Eastern International Bank, chaired by the family's semiretired patriarch, Y.Z. Hsu, 80. Among his creations: Far Eastern Textile, one of the world's largest makers of polyester fiber; Asia Cement; Far Eastern Dept. Stores, Taiwan's largest chain. Y.Z. Hsu's Columbia-educated son Douglas Hsu, 50, is now chairman of the family's Far Eastern Group.

Excellence

Founder Y.Z. Hsu

Fled China, started Far Eastern.

Tsai family

Net worth: well over $2.5 billion

Excellence

Tsai Wan-lin

Not Taiwan's favorite banker.

Probably Taiwan's richest family, the Tsais were involved in a banking scandal in 1985. Not entirely surprising, then, that they were recently denied a banking license. But their Cathay Life Insurance dominates Taiwan's insurance industry. They also control Cathay Construction and much real estate. Questioned last year about alleged bribes to a legislator, family patriarch Tsai Wan-lin, 67, candidly replied: "It's hard to be a good man."

Excellence

Son Douglas Hsu

Their Asia Cement sees big growth.

Yue-Che (Y.C.) Wang

Net worth: over $1.5 billion

After threatening to build a gigantic petrochemical complex on the mainland, Wang's Formosa Plastics finally got the approval it wanted to build a $4 billion petrochemical complex in Taiwan. In the U.S. Wang is spending $1.3 billion to expand his Point Comfort, Tex. PVC plant. He also controls $2.5 billion (sales) Nan Ya Plastics, which makes liquid crystal display products and printed circuit boards.

Wang is 75 and has son Winston in the business. Retirement rumors remain unconfirmed.

Chip off the old block

Y.C. Wang's daughter, Charlene Wang Chien, 43, graduated from Berkeley. Returning home to Taipei, she started International Computer in 1979 with $25,000 in savings. Last fall it went public. She and her husband own 70% of the company, worth $100 million. She says Pop taught her two main lessons—work hard, don't squander money.

Wu family

Net worth: over $1 billion

New billionaires, the Wus have built one of the most diversified groups in Taiwan. Patriarch Ho-Su Wu died in 1986. Wu sold cloth during the Japanese occupation, and after the war used U.S. government assistance to start a textile company, Shin Kong Spinning. As Taiwan evolved from labor-intensive businesses toward capital- and expertise-intensive industries, Wu kept pace. The Wus' Shin Kong Life Insurance is Taiwan's

Excellence

Eugene Wu
Road to riches: Whither Taiwan, thither Shin Kong.

second-largest insurance company (sales, \$2.6 billion). The family has extensive holdings in energy (Great Taipei Gas Corp.), manufacturing, equipment leasing, construction, agriculture, computers, security systems, plastics and a department store chain. Like other Taiwan billionaires, they have a new bank: Tai-Shin International.

Ho-Su Wu had little formal education but made up for it by sending his four sons abroad to graduate school. Eldest Eugene Wu, 48, is chairman of Shin Kong Group, the family holding company.

Korea

By Jean Sherman Chatzky and William Heuslein

It is as if the South Korean government is again at war. Not with the North. With Korean big business. Since the Korean War, the government and the *chaebol*, the family-run conglomerates that dominate the economy, have had an uneasy partnership. Given access to credit and other privileges by President Park Chung Hee in the 1960s and 1970s, the *chaebol* were responsible for Korea's export-led growth.

After Park's assassination in 1979 and the eventual rise of General Chun Doo Hwan to the presidency, government control over the economy loosened. Workers went on often violent strikes. Labor costs more than doubled, inflation returned, exports got less competitive. The *chaebol* moved plants to Thailand and Malaysia. The stock market has halved since 1989.

The politicians blamed the *chaebol*, and President Roh Tae Woo told the *chaebol* they could borrow money at favorable rates only to finance their three main businesses. That left dozens of *chaebol* operating companies in a financing limbo. At Lucky-Goldstar, the third-largest *chaebol*, profits fell to \$133 million last year from \$210 million the year before. Lucky-Goldstar's founding Koo family no longer clearly belongs on this list.

Into this volatile picture comes Korea's most prominent billionaire, Chung Ju-yung, who has started a new political party and is running, Ross Perot-like, for president. His platform: Get the government off the back of private business, ease credit, elect me, an entrepreneur, to address Korea's economic problems.

Chung Ju-yung and family

Net worth: over \$2 billion

Chung Ju-yung, 76, is founder of Hyundai, Korea's second-biggest *chaebol*, strong in cars and heavy industry. Chung's new political party—the Unification National Party—won 10% of the National Assembly seats in March. Not unrelated, the government hit Hyundai with a \$190 million claim for tax violations. The central bank pressured commercial banks to call in Hyundai's loans. One son was arrested for tax evasion. But Chung announced the governing party hadn't reported all its income—at least not the millions in handouts it took from Hyundai. Make prosperity, not war, says Chung. Korean voters will have their say in the presidential elections at the end of the year.

Lee family

Net worth: over \$1.4 billion

Led by 50-year-old Lee Kun-hee, the third son of the late B.C. Lee, the family controls Samsung Group, Korea's largest *chaebol*. Considered the country's best-run *chaebol*, Samsung is strong in semiconductors and electronics. Profits grew from \$334 million in 1990 to \$349 million in 1991.

Shin Kyuk-ho (a.k.a. Takeo Shigemitsu)

Net worth: over \$6 billion

Korean-born Shin, now 69, first built his successful Lotte Group in Japan on chewing gum and chocolate, and much real estate. Starting in 1967, Shin created a second Lotte in Korea, where his focus is on food and beverages, hotels and department stores.

One Korean government policy has helped Lotte: The government put a 5% cap on deposit interest, meaning savers lose purchasing power with inflation at 9%. So they spend, and Lotte is big in consumer products.

Indonesia

By Jean Sherman Chatzky

Whither Indonesia? For one informed opinion, listen to Barton Biggs, canny picker of foreign stocks and chairman of Morgan Stanley Asset Management. "Indonesia," says Biggs, "is going to be the best [stock] market in the world over the next two years."

Indonesia has a population of 190 million. Labor is cheap (per capita income is around \$600) and the government has been tough on inflation (now 8%, the lowest in years). Biggs says Indonesia's real interest rates, currently around 15%, are on the way down. "We're looking for double-digit [earnings] growth," says Biggs. On the country's loosely regulated, infant stock market, multiples are in the low- to mid-teens. Among individual stocks, Biggs advises considering companies run by Indonesia's bil-

"I'VE LIVED on this RIVER for forty YEARS but it's the FIRST TIME I've seen it FLOODED with school kids."

ELIZABETH PARKER,
Providence, R.I.

RHODE ISLAND'S UPPER MOSHASSUCK RIVER is one of those rare places where you can still feel like you're the only person on Earth.

Elizabeth Parker should know that feeling well.

For the past 40 years she and her husband have made their home in a converted mill on the banks of this river, where their closest neighbors are a few frogs, a bunch of crickets and the occasional thirsty deer.

"You mean our 'visitors'?" she laughs. "They don't talk much but they sure are pretty to watch."

Recently Mrs. Parker received some other, more talkative visitors as well.

About 100 students from the UCAP High School in Providence converged upon the farm to test and map the river,

lionaires. He also likes P.T. Astra International (auto assembly and distribution), which is controlled by former billionaire William Soeryadjaya.

Liem Sioe Liong

Net worth: over $2 billion

At 76, Liem is President Suharto's main *cukong,* or Chinese financial partner. Through his over $2 billion (unconsolidated sales) Salim Group, he controls numerous monopolies and near-monopolies. Among Liem's strongest public companies are Indocement, the nation's largest cement producer, and Unggul Indah Corp., largest maker of alkylbenzene, used in detergent.

Eka Tjipta Widjaja

Net worth: $1.5 billion

Widjaja, 69, is Indonesia's paper baron. His master company, Sinar Mas Group, controls publicly owned Indah Kiat Pulp & Paper and Tjiwi Kimia; together they hold 70% of Indonesia's paper market. Widjaja and Liem *(above)* have done joint ventures in papermaking, and are said to be friends. Their sons, however, dislike each other, and some of the joint ventures are being unwound. Too bad. Indonesia's per capita consumption of paper today is where America's was in 1890. A growth business if ever there was one.

Malaysia and Singapore

By Gregory Viscusi

Quek/Kwek family

Net worth: about $1.7 billion

Within the past three years the Malaysian branch of the family, the Queks, have become somewhat richer than their Singapore cousins, the Kweks. The booming Malaysian economy is advancing from raw materials to industry, and the Queks, led by Quek Leng Chan, 51, control numerous companies that assemble semiconductors and sell building materials, paper, steel, insurance and consumer durables.

The (slightly) less wealthy Singapore side of the clan is led by patriarch Kwek Hong Png, 81, and his eldest son, Kwek Leng Beng, 50. They control City Developments, a major property development concern. The freewheeling Kweks are not universally admired in orderly Singapore. "A little too enterprising," is one comment heard about them.

Robert Kuok

Net worth: $1.6 billion

Kuok, 69, retains only a few of his old Malaysian rubber and sugar plantations and spends most of his time these days in Hong Kong. But he still carries his Malaysian passport and is that country's richest man: stakes in Shangri-La International Hotels, CITIC Pacific (Beijing's quoted investment arm), and investments all over Southeast Asia.

Lee family

Net worth: $1.7 billion

This old-money Singapore family is centered on three genteel brothers: Lee Seng Wee, Lee Seng Tee and Lee Seng Gee. Together they control Oversea-Chinese Banking Corp., a big, old-line bank; and private Lee Rubber, whose rubber plantations are being developed as suburbs of greater Singapore.

Thailand

By Linda Killian

Kanjanapas family

Net worth: about $2 billion

This year the Kanjanapases' real estate company, Bangkok Land, went public, boosting them to billionaire status. The family owns shares in Bangkok Land and Tanayong, another quoted land development company. Bangkok Land is building a 1,600-acre satellite city outside Bangkok with industrial, office and low-cost residential space. The company is run by Anant Kanjanapas, 50, who heads Stelux, a Hong Kong watch company on which the fortune was founded.

Anant's father, Mongkol, in his 70s and chairman, started making watchbands for Seiko in Hong Kong in the 1960s; he used profits to buy cheap Thai land. Another son, Keeree, 40, runs Tanayong; it's developing new headquarters for the Thai stock exchange and owns a cable TV network. It recently won an $800 million mass transport contract; Tanayong will select stations and probably make the family's nearby land mushroom in value. Officials have questioned some of their financial deals. The companies decline to respond.

Sophonpanich family

Net worth: well over $1 billion

They own over 35% of Bangkok Bank, largest in Southeast Asia, and control related insurance, brokerage, finance companies. The group is run by heirs of famed Chin Sophonpanich (d. 1988). His second son, Chatri, 59, now the family's leader, has had heart problems and is reportedly grooming his son Tony as replacement.

Chearavanont family

Net worth: over $1 billion

Their Charoen Pokphand Group produces chicken, shrimp and animal feed for Southeast Asia and China (FORBES, *Apr. 13*). Sales: $3 billion. Other businesses include property, retailing, manufacturing. With Nynex, CP Group recently won a major Thai telecommunications contract. Family leader Dhanin Chearavanont, 53, controls the company.

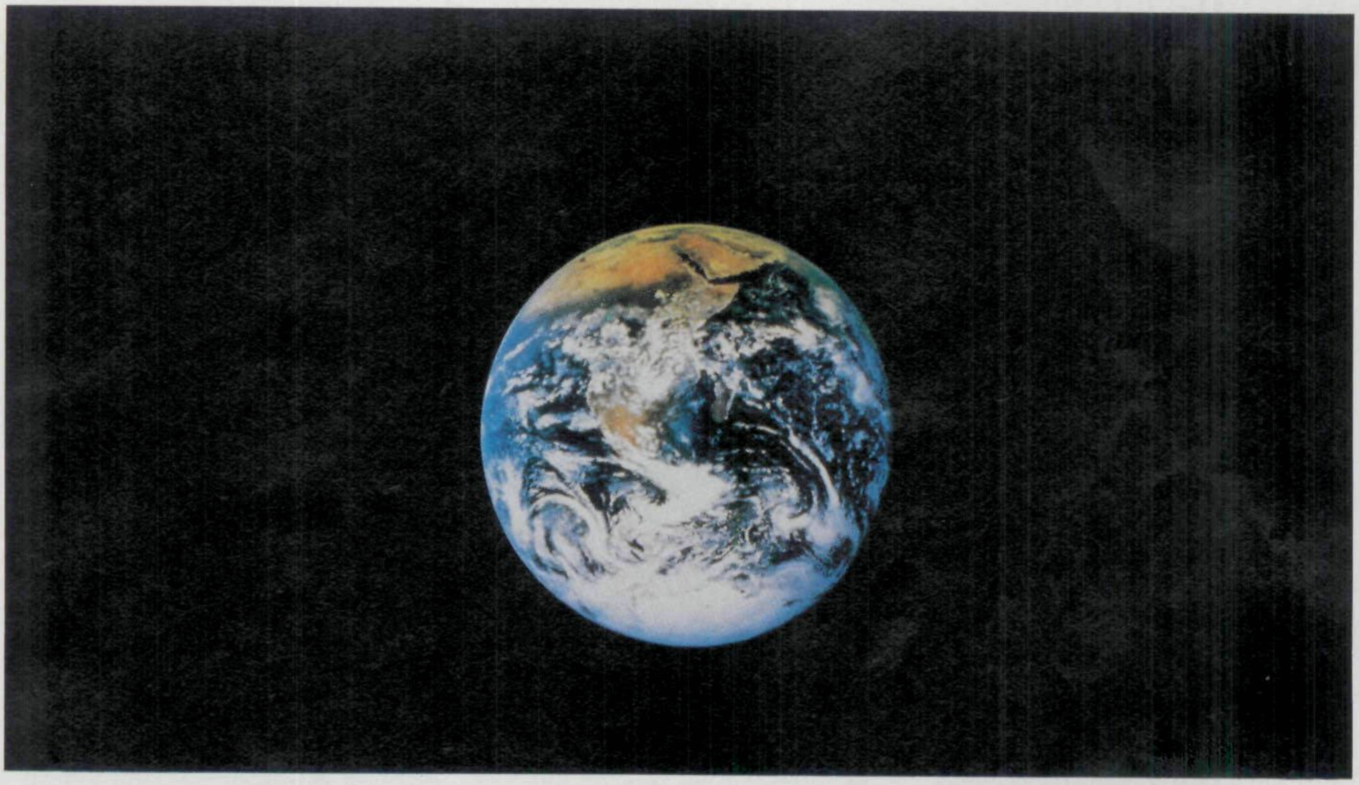
Philippines

By Linda Killian

Zobel de Ayala family

Net worth: $1.2 billion

Old money. Ayala Corp. is a property developer and owns Bank of the Philippine Islands, the biggest stock on



the Manila exchange. Ayala is run by Jaime, 58, pro-Aquino Harvard grad. Cousin Enrique, 65, split off 1983 to start an investment company, Enzo Group. Their aunt, Mercedes Zobel McMicking, 84, lives in Spain; she is said to have ultimate control.

India

By Gregory Viscusi

There are many wealthy and powerful families in India, but because of the Indian rupee's weakness against the U.S. dollar, only one of their fortunes translates into $1 billion. This mighty exception: the Birlas.

Aditya Birla, 48, used to complain that the Bombay exchange was overvalued. But then he was expected to pay a yearly 2.5% "wealth tax," which may have had something to do with his modesty.

Earlier this year, however, as part of Prime Minister P.V. Narasimha Rao's liberalization of the country's economy, the Indian government modified the tax so that it no longer applies to shareholdings. Other reforms include slashing licensing requirements and import restrictions, foreign exchange liberalization and easing of price controls. Signaling its approval, the Bombay stock exchange roared ahead 125% this year before dropping back 30% after a dirty financial scandal erupted.

Birla family

Net worth: $2.2 billion

No longer under the shadow of the wealth tax, Aditya Birla pronounces the above figure "about right." The Birlas were early supporters of Indian nationalism and closely associated with Mahatma Gandhi. Aditya Birla's side of the family is huge in cement, metals and chemicals, and is one of India's largest textile exporters.

Another branch, headed by Chandrakant Birla, manages Hindustan Motors, one of India's three major carmakers, and a third branch runs the important *Hindustan Times.* Prosperous under the British, prosperous under semisocialism, the Birlas can only get richer in the new free-enterprise India. As Aditya Birla puts it: "We will spend less time in Delhi and more time at our plants."

Australia

By Linda Killian

Kerry Packer

Net worth: $2.3 billion

Packer, 54, has been cashing in many of the assets in the publishing and broadcasting empire founded by his grandfather, developed by his late father and greatly expanded by Packer. Pessimistic about world economic conditions, Packer is using much of the proceeds to reduce debt. His Australian Consolidated Press Group has nearly 75% of the Australian magazine market (including five of the top ten magazines). This April he sold 55% to the public and pocketed $360 million. (He also owns the major Australian TV network, the Nine Network.) This spring he took public his U.S. company, Valassis Communications, raising nearly $375 million. Valassis produces the coupons inserted into Sunday newspapers. Asset sales have put the cash portion of his estimated $2.3 billion fortune up to around ten digits. Packer believes there will be a shortage of capital worldwide, which will depress the value of physical assets, and wants cash on hand to pick up bargains. Undoubtedly he will be looking in the U.S.' direction.

In 1990 the 6-foot-6 Packer suffered a near-fatal heart attack while playing polo. About five weeks later, Packer was back in the saddle but not spending as much time at the office. He hired American Al Dunlap, formerly of American Can and Crown Zellerbach, to run things and train Packer's only son, James, to take over for him.

Alan Coltier/Sydney Freelance

Kerry Packer, who prefers polo fields to boardrooms

Of 291 billionaires, not many others have $1 billion in cash.

Europe

France

By Gregory Viscusi

Dassault family

Estimated net worth: $1.2 billion

Dassault S.A., the $3 billion (revenues) maker of Mirage fighter jets, must wonder about its future, with France's $37 billion defense budget facing almost certain cuts and at a time when Dassault hasn't had an export order for Mirage fighters in four years.

Despite the resignation of the interventionist-minded Prime Minister Edith Cresson, rumors persist that the French government, which controls the company through supervoting shares, may merge Dassault into a larger defense group with Aérospatiale, the state-owned dominant partner in the Airbus and Ariane consortiums.

Dassault is headed by Serge Dassault, son of the legendary aeronautic engineer Marcel Dassault who founded the company. Dassault's Mirage III became one of the most successful fighter jets in history, and was Israel's main weapon in winning the Six-Day War in 1967. Dassault received a state funeral when he died in 1986.

In the face of world disarmament prospects, Serge is trying to make a mark in business jets. Dassault's Falcon 2000 will make its first flight next year. Earlier this year the company failed in a bid for Cessna, but it says it will keep looking for acquisitions. Meanwhile, Dassault has joined a consortium to build Hermès, a European space shuttle, now in the planning stage.

The Dassault family's 49% equity interest in the company is worth about $380 million. But the Dassaults also own approximately $900 million worth of stock in electronics, pharmaceutical and media companies and real estate.

Seydoux/Schlumberger family

Net worth: $3.7 billion

The world's leading tester and servicer of oil wells, Schlumberger Ltd. has been doing very well recently as oil companies have spent lavishly to find reserves safely away from the volatile Middle East. Growing out of a 1927 invention by two Alsatian brothers, Conrad and Marcel Schlumberger, Schlumberger Ltd. currently has $1.5 billion in cash. Although two family members are on the Schlumberger board, none is active in management. But family member Jérôme Seydoux, 57, is working to turn around Chargeurs S.A., a diversified company. His brother Nicolas, 53, runs Gaumont, a film production and exhibition company. (The two families are linked through the Seydoux's mother, who is a Schlumberger.)

Michel David-Weill and family

Net worth: well over $1 billion

David-Weill, 60, has spent the last few years tightening the links between Lazard Frères (New York), Lazard Brothers (London) and Lazard Frères (Paris), all controlled by the David-Weill family. Lazard's international dealmaking is Lazard's strength. Branches have been opened in Frankfurt, Tokyo and Moscow.

David-Weill has wealth beyond his ownership of Lazard. Through a complex structure of holding companies, he owns large shares in some of Europe's largest companies, including Pearson and BSN. An art collector of distinction, he sits on the boards of the Louvre and New York's Metropolitan Museum.

Peugeot family

Net worth: over $1.6 billion

Jacques Calvet, Peugeot's 60-year-old chairman, is known as "the Lee Iacocca of Europe" and talks of running for president of France in 1994. Meanwhile, Calvet rails against the recent agreements by the EC that will gradually open Europe to Japanese car imports. To compete by decade's end, Calvet says he must have around 10% annual productivity gains between now and then. The Peugeot family certainly hopes he can attain them; it still owns 23% of this auto company, which must compete in one of the world's toughest markets.

Serge Dassault and prototype Rafale
Is this the last hurrah?

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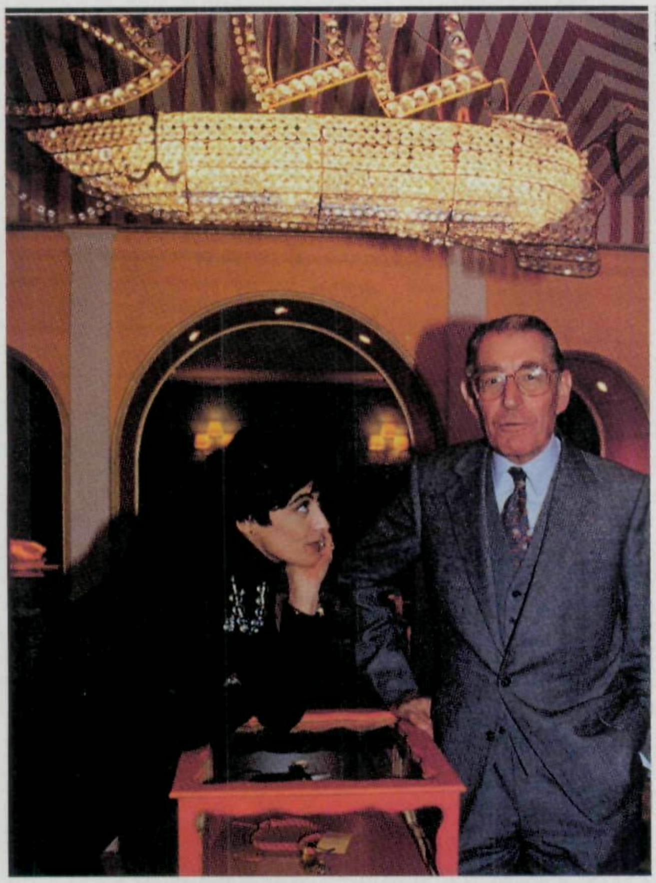


Henry Racamier with model Inès
The store is a hit: Today Paris, tomorrow the world.

Vuitton family

Net worth: over $1.4 billion

After losing control of LVMH two years ago, Henry Racamier, who married into the Vuitton clan, has been using money he got for his LVMH shares to buy into other French luxury goods companies, from fashion to leather to perfume, for his new company, Orcofi. The first Orcofi shopping center, full of fancy boutiques, just opened in Taipei. Others are on the way. At home Racamier, 80, is busy repairing moneylosing Lanvin, owned 50-50 with L'Oréal. He has hit big with a new clothes-and-housewares store in Paris named Inès de la Fressange, named after France's famous top model.

Alain Wertheimer and family

Net worth: over $1.3 billion

The Wertheimers own Chanel, run by Alain Wertheimer, 43. Chanel is doing better than ever as perfume buyers return to classic scents. But last year's introduction of Egoïste, a men's fragrance, was not a huge success.

Liliane Bettencourt
Happiness is L'Oréal stock.

Liliane Bettencourt

Net worth: $3.5 billion

L'Oréal S.A., the $6 billion (1991 sales) cosmetics company founded by Bettencourt's father, is looking east. It has opened Lancôme boutiques in Moscow, St. Petersburg, Budapest, Kiev and Prague. A new L'Oréal perfume, Maroussia, carries the signature of a Russian designer.

Liliane Bettencourt, 69, owns 28% of the company, plus 3% of Nestlé S.A., which she received when Nestlé bought 27% of L'Oréal. Bettencourt will likely pass her holdings in both companies to her daughter Françoise Meyers.

Bouriez family

Net worth: $1.3 billion

The Bouriez' Cora hypermarkets are feeling competitive pressure from rivals Carrefour and Auchon in their stronghold, eastern France. Meanwhile, Cora is trying to sell its Revillon furs and perfume-making divisions. This June it sold off its Karl Lagerfeld perfumes division for $30 million. The furs are still on the block. The Bouriez family—three brothers, led by Philippe, and a sister—share this $7 billion (sales) operation.

Mulliez family

Net worth: $2.5 billion

The Mulliez family's 47 privately owned Auchon general merchandise stores grossed $9 billion last year. That made Auchon France's second-largest hypermarket chain, after publicly owned Carrefour.

Led by Gérard Mulliez, Auchon is now experimenting in new markets, opening stores in Turin, Italy; Spain; and Houston. The family's 80% stake (the rest is owned by Auchon's employees) is supplemented by several sizable retailing businesses owned on the side.

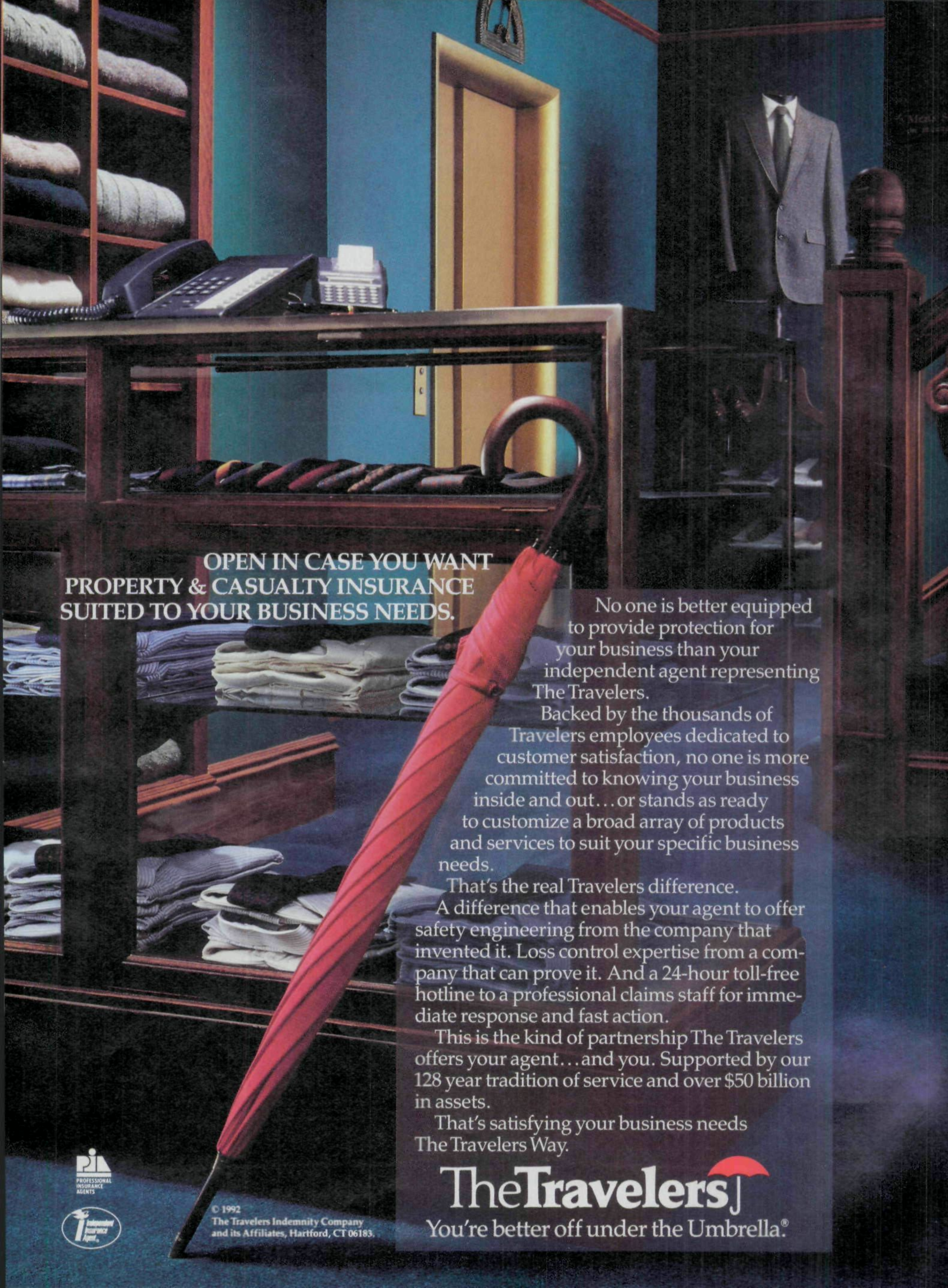
Italy

By Gregory Viscusi

Ferruzzi family

Net worth: over $1.1 billion

It's been rough sailing for Ferruzzi-in-law Raul Gardini. He headed the syndicate that spent a reported $100 million trying to win the America's



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Cup for Italy; Forbes Four Hundred member Bill Koch beat him easily on $68 million. Last summer Gardini lost control of Ferruzzi Finanziaria (sales, $14.6 billion). His wife's siblings bought the couple out for $400 million. Gardini swore he'd never deal in Italy again: He couldn't put up with Italy's meddling bureaucrats. Picking up his chips, he moved to Paris and, through holding company SCI, is acquiring food companies.

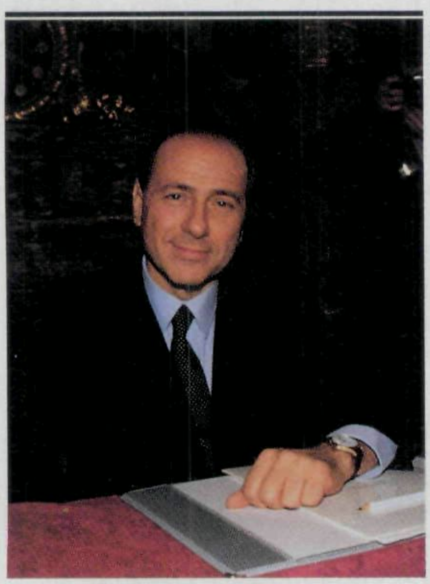
Back home the relatives, led by Arturo Ferruzzi, 52, are consolidating the family companies and have bought stakes in several Eastern European food companies. In January they purchased Ducros, Europe's biggest spice manufacturer (sales, $300 million). They're also patching things up with the state-run companies and the government Gardini alienated.

Silvio Berlusconi

Net worth: $2.4 billion

Because Berlusconi's Fininvest owns TV stations, the Italian government forced him to sell his Milanese newspaper *Il Giornale* (he's selling it to his brother). He is fighting in court another government order putting a cap on advertising revenue of his publishing company and TV stations.

So Berlusconi, 55, is collecting shares in TV stations elsewhere in Europe: To his three in Italy he added part interests in Spain and Munich and tried unsuccessfully to take over the failed French channel La Cinq. His goal is to sell pan-European advertising packages to multinationals like Gillette. In the U.S. Berlusconi is coproducing a series pilot with CBS, and bought a piece of the rights to *Scarlett*, the *Gone with the Wind* sequel. His soccer team, AC Milan, coasted to the Italian soccer championship this year and is favored to win the European championships next season.



Silvio Berlusconi

Media baron for all Europe?

Ferrero family

Net worth: over $2 billion

Ferrero SpA is the third-biggest confectioner in the world, behind Nestlé and Mars: sales $3 billion. Strong brand names: Tic Tac is big in the U.S.; Nutella, Rocher and Mon Chéri are big in Europe. The group is headed by Michele Ferrero, 67.

Salvatore Ligresti

Net worth: $1.7 billion

Most is in two holding companies, fully owned Fingit and public Premafin (he owns 76%). He also controls Grassetto, a major Italian construction company.

Starting in construction and property development, "The Sicilian," 60, built an empire in real estate, hotels, ceramics, insurance and lately part of a Milan stockbroker. He owns a toll road between Milan and Turin, and his construction company will help build high-speed train lines linking Turin to Milan and Genoa to Milan.

Agnelli family

Net worth: $3 billion

The Agnellis' 40% holding in Fiat has lost half its value in three years, but their French and Italian nonauto holdings are doing all right.

At Fiat, a seven-year $32 billion capital investment program is under way. Fiat needs to update its models. Its strength has been small city cars, but Ford's Spanish-built Fiesta has been cutting Fiat's market share. The large Chroma was a failure. Its acquisitions of Alfa-Romeo and Lancia have failed to do much for Fiat.

Almost the entire line will need to be

updated before the Japanese imports are allowed to hit full flood in Europe after 1999: Fiat's truck and tractor operations are also underperforming.

It is building a new state-of-the-art plant in southern Italy and will turn out a redesigned Uno, Fiat's top-selling car, by late 1993. Some $2 billion is being invested in the Polish carmaker known as FSM: Fiat has old ties with Eastern Europe, and Poland promises cheaper labor than Italy.

Benetton family

Net worth: $2.1 billion

Four siblings founded their clothing company—Benetton Group SpA. The Benettons revel in unconventional image advertising: not about clothing. Until recently it was relentlessly cheerful youth displaying multiracial and multinational harmony that suggested to its young (mainly 18-to-34-year-old) target audience that Benetton was "with it." Now Benetton is "with" a different image it hopes will appeal to the young in the 1990s: stark images of a family with a son visibly near death from AIDS, or Albanian refugees jumping into the ocean from a ship. In a not-so-subtle way, the Benettons seem to have

Carlo Cecchi/Grazia Neri

Gianni Agnelli
But will he smile for the Japanese?

caught the spirit of the current fin de millennium: We've got it good, but we feel guilty. (A subject that FORBES will tackle in its 75th Anniversary issue this September.)

United Kingdom

By Gregory Viscusi

Vestey family

Net worth: at least $1.2 billion

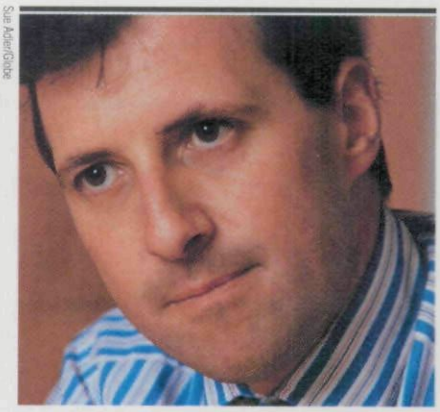
Timothy Vestey, only 31, has just taken the helm of his family's century-old meat-based business empire. The $3 billion (revenues) group has ranches in Brazil and Venezuela, connected to the home islands by a fleet of refrigerator ships run by their Frederick Leyland shipping business. Back home is the J.H. Dewhurst chain of 1,100 butcher shops.

Timothy's father, Edmund, and his cousin, Samuel Lord Vestey, have given up running the business after nearly running it into the ground. News of trouble broke last year when Union International, the family's largest company, had to reschedule about $720 million of debt. Poor management is the cause of the trouble, but it was attempts at real estate development in London that exposed the Vesteys' shocking weakness. U.K. property has slumped as much as 40%—back to 1987 levels—and Union is sitting on office blocks it fecklessly built and can't rent. Further writedowns may loom. The upshot: Pop and Cuz retain ultimate power through family trusts, but now spend more time on hunting and polo.

Young Timothy never went to college. But he did do a stint in the army, and he has worked in the business since he was 22, in Australia, Latin America and Britain.

Tim is known to be friendly and approachable in a family famous for secrecy, but since he took over in June 1991, he has shown remarkable steel. He is decentralizing and shrinking the operating divisions' bloated staffs. He closed eight meat-trading branches on the continent and replaced them with one office in the Netherlands to serve all the rapidly unifying EC. He sold off peripheral losers like insurance brokering and introduced stricter financial controls. He also recruited

Sue Adler/Globe



Terry Robinson, who was the heir apparent to Tiny Rowland at Lonrho, as chief executive to manage Union and negotiate refinancing. Robinson will help Tim cut back to the core meat and property businesses.

Since last year the Vesteys have sunk about $65 million of family money into shoring up their empire. A lot now rides on young Timothy Vestey's shoulders.

Richard Branson

Net worth: $1.2 billion

Rarely seen with a haircut or a necktie, Branson joins the ranks of world billionaires at age 42. In March he sold his Virgin record label to Thorn EMI Plc. for $961 million. That leaves his private Virgin Group Plc. with 28 Virgin music retail megastores in eight countries, and his Virgin Air, an expanding carrier that offers first-class service for business-class prices and business class at economy prices. Britain's government is talking seriously of privatizing British Rail; Branson has said he's interested in the rail business. The onetime flouter of conventions is now married and lives in a house, not a houseboat.

Moores family

Net worth: $1.1 billion

Liverpool's richest family is still headed by 96-year-old Sir John Moores. Their Littlewoods is Britain's downmarket retailer and operator of football betting pools. The retailing and betting businesses are doing well, but they could not find a buyer for their mail order division, which is no longer for sale. There's a cloud on the horizon. With Britain in the EC, Continental mail order firms are eyeing the Moores' home market.

Gerald Cavendish Grosvenor

Net worth: well over $1.6 billion

The Duke of Westminster runs his 300-year-old family real estate fortune, based on 300 acres of prime central London, through Grosvenor Estate Holdings. Many institutional investors prefer bonds to real estate these days, and property prices and rents are sinking in most major cities. The duke isn't fazed; he thinks in the long term. Says one associate of his employer's philosophy: "Business cycles come and go as sure as night and day." The family's overseas operating company, Grosvenor International, is based in Vancouver, B.C.

David Sainsbury and family

Net worth: $6.2 billion

The family still owns nearly 40% of highly profitable British supermarket chain J Sainsbury Plc., founded 123 years ago. David, 51, deputy chairman, alone owns $2.8 billion worth of Sainsbury stock. Other very wealthy Sainsburys include his cousin John Sainsbury, retiring as chairman in November, at 65. In the U.S., Sainsbury owns the Shaw's supermarket chain, with some 70 stores in New England.

Test your knowledge of CFCs and natural gas air conditioning.

Q

A

1. Chlorofluorocarbons (CFCs) are the primary cause of:
A. Acid rain B. Upper-level ozone depletion
C. Contaminated water D. All of the above

1. Answer: B. CFCs have been linked to the depletion of the ozone layer in the upper atmosphere. This allows more damaging ultraviolet rays to reach the earth. To protect us, we need sunscreens and common sense; to protect the ozone layer, we need to reduce CFCs. One major source: electric air conditioning systems. One alternative: natural gas absorption type cooling systems which use water and salt instead of CFCs. Gas cooling systems can reduce energy costs without depleting the ozone layer.

2. Refrigeration and cooling—in vehicles, homes, businesses and industrial processes—are responsible for about 40% of global CFC production. Of this amount, production for commercial and industrial use represents:
A. 15% B. 25% C. 40% D. 60%

2. Answer: D. According to preliminary EPA estimates of domestic CFC emissions, home refrigerators and freezers contribute more than 5,000 metric tons annually, while cold storage represents 8,000 tons, retail food refrigeration more than 12,000 and industrial processes nearly 30,000. Protecting the ozone layer will require a major global effort to reduce CFC use in commerce and industry.

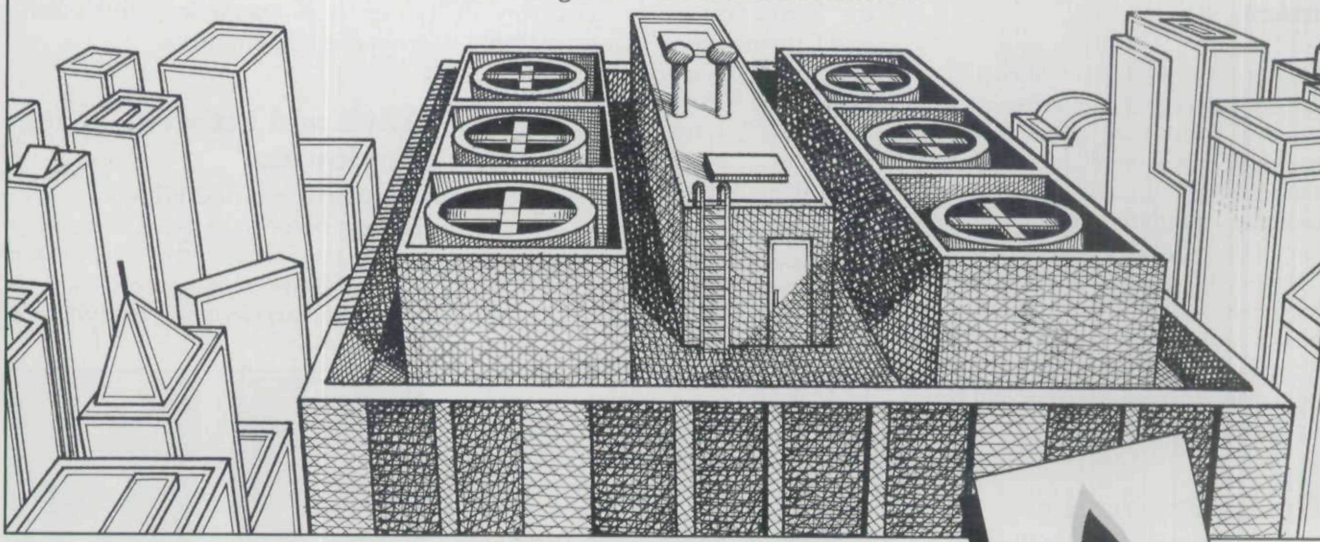
3. Natural gas heats, but it can also cool—and save money. Gas cooling systems are least expensive to operate in the:
A. Summer B. Fall C. Winter D. Spring

3. Answer: A. Gas cooling systems benefit from a fortuitous coincidence: natural gas prices are the lowest in the summer, just when air conditioning often pushes electricity costs to their annual peak. Because annual electricity costs are often calculated based on peak demand, switching to natural gas cooling can often result in year-long savings. It's not always possible to save money while protecting the environment, but when it is, why not look for the natural solution—natural gas!

There are no simple answers ... but there are smart choices.

It's time we cleared the air about air conditioning.

The good news is that the use of chlorofluorocarbons (CFCs)—the refrigerants that have been affecting our ozone layer—has been banned. The not-so-good news is that we have to wait for the year 2000 for the ban to take effect. Fortunately, a lot of people aren't waiting. They realize the damage that's already been done. They realize that the ozone layer in our upper atmosphere that protects us from ultraviolet radiation is increasingly being damaged by CFCs. And they realize that it's got to stop...now! So more and more people with air conditioned offices, hotels, hospitals, supermarkets and other commercial buildings are switching from electrical cooling systems to new natural gas absorption cooling systems that use salt and water instead of polluting CFCs. They're benefiting from reduced air conditioning costs, and we're all benefiting from a safer environment.



Use Natural Gas. We'll all breathe easier.

Greece

By Gregory Viscusi

Stavros Niarchos

Net worth: well over $1 billion

Known as one of "The Golden Greeks," Niarchos, now 83, is in bad health after repeated surgery. With the Niarchos family's fabulous art collection, racehorses, real estate and, say sources, lots of cash, at risk, Niarchos reportedly is pulling his tankers off U.S. routes. And giant Shell Oil no longer delivers crude using its own ships to most U.S. ports. That's in response to federal legislation inspired by the *Exxon Valdez* disaster that puts unlimited liability on shippers that spill oil in U.S. waters.

J. Andanson/Sygma

Niarchos at Swiss sanatorium

Says no to unlimited liability.

Observers predict unintended consequences. The better shippers like Niarchos, with the safest tankers, will retreat and make way for quick-buck operators with poorer ships and fewer scruples about safety.

Goulandris family

Net worth: over $1.6 billion

A Goulandris niece, Chryssie, 44, married H.J. Heinz Co. Chairman Anthony O'Reilly last September. O'Reilly made $75 million last year, more than any other U.S. chief executive (FORBES, *May 25*). But at home he's the poorer spouse. Chryssie's uncle, Basil Peter Goulandris, runs one of this shipping family's three branches out of New York, London and Athens. Cousins run London-based N.J. Goulandris Ltd. and Goulandris Brothers Ltd. Tanker values have dived since the Gulf war. Operators (particularly Norwegians) who bought ships at the last peak with lots of borrowed money have high debt burdens, low ship rates and rising costs. If they must sell, the Goulandrises and other Greek shipping families will probably be ready to buy. "They must be sitting around with crocodile grins," says an observer.

John Latsis

Net worth: over $1.6 billion

Last summer Latsis, 82, lent his 400-foot yacht to the Prince and Princess of Wales for a "second honeymoon." But to judge from the royal couple's marital problems, the cruise didn't do much good.

Latsis gave Britain's Conservative Party $3.6 million for last spring's election, which the Tories won. Latsis also has close ties with many Saudis, including the royal family.

He has been buying depressed real estate in prime central London locations, a gamble. "If I were in his position, I would be nervous," says the British real estate executive who sold Latsis an office/apartment building on Park Lane for what he calls "a generous" $18 million. Meanwhile, son Spiro is busy setting up private banks in London, Geneva, Athens and Luxembourg.

Spain

By Pablo Galarza

As Spain wrestles with the problems of getting on equal footing with its EC partners, its billionaires wrestle with the gathering problems of Spain: inflation, high interest rates, economic slowdown after a long boom, border-crossing by foreign competition.

March family

Net worth: over $1.5 billion

Brothers Juan, 52, and Carlos, 46, control much of holding company CF Alba, which is heavy in construction-related businesses, and all of Banca March. But Spain's economy is suffering growing pains, and so are the March interests. Construction is slowing and banks are hurting. The only strong sector of the visible March portfolio is an interest in the burgeoning hypermarket industry: In Spain, too, more women are going to work, which means more disposable income to spend—and a need for fast, convenient, one-stop places to spend it.

Botin family

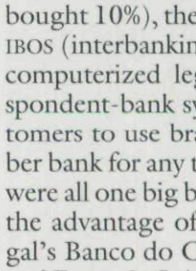
Net worth: over $1 billion

Headed by Emilio Botin Sr., 89, but led by Emilio Jr., 57, the family controls its Banco Santander through direct and indirect holdings. If European banks are coming to Spain, Santander will go to Europe. With Royal Bank of Scotland (of which Santander bought 10%), the bank has developed IBOS (interbanking on-line system), a computerized leg up on the correspondent-bank system. It allows customers to use branches of any member bank for any transaction, as if they were all one big bank. Yet each retains the advantage of being local. Portugal's Banco do Comercio e Industria and France's Crédit Commercial have joined IBOS. Santander wants a bank from every EC country.

Alicia and Esther Koplowitz

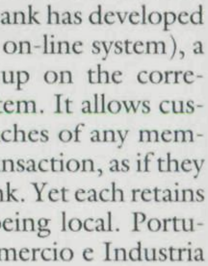
Net worth: near $2 billion

Having notoriously shed their adulterous spouses, the billionaire Koplowitz sisters, daughters of a refugee from Nazi Germany, have merged



Sacristan/Cover/Saba

Esther



EFE/Sipa

Alicia

the two companies they inherited. Now they own 70% of public Fomentos de Construcciones y Contratas, one of the largest construction companies in Spain. A necessary move: first, to compete for the biggest contracts in EC-opened Spain; and second, to compete in Spain-opened EC. As Spain becomes a richer society, the second piece of their company—30% of revenues are from a sanitation division—should benefit: Soon Spain, too, will be able to afford more waste.


Sygma/Europa Press

Baron Hans Heinrich Thyssen-Bornemisza

Net worth: around $1.5 billion
Many countries wanted it, but Spain will get the baron's $1 billion art collection, including John Constable's "The Lock," for which he paid $19 million in 1990. Many of his 1,400 paintings will soon be on view in a 16th-century Madrid palace. He is lending the collection to Spain for nine years, but there is no decision yet on who gets it when he dies. Why Spain? The fact that the 71-year-old baron's latest wife, Carmen, 48, is a former Miss Spain no doubt helped.

Meanwhile, the baron's son Georg, 41, unmarried, manages Thyssen-Bornemisza Group, the family's business interests, based in Monaco. It recently sold some businesses but still has operations in information systems, precision metal works, agricultural machines and electrical testing and measurement.

Switzerland
By Linda Killian

Stephan Schmidheiny


Comet Photo

Net worth: $1.5 billion
Concerned with environmental issues, Schmidheiny addressed the Earth Summit in Rio as chairman of his U.N.-affiliated Business Council for Sustainable Development. It wants to promote development that uses energy more efficiently, producing less pollution and protecting the environment for future generations. Stephan, 45, spends much of his time trying to convert other businessmen to the cause rather than on his Swiss holding companies Anova, Nueva, and Unotec. They own trading, engineering, real estate, construction and electronics firms, plus camera and optical instrument maker Leica, which is fast expanding in the Far East.

Older brother Thomas, 47, estimated net worth of $500 million, controls Switzerland's Holderbank, one of the world's biggest in cement production.

Hans Liebherr

Net worth: $1.2 billion
Working at his parents' building company in southern Germany after the war, Hans developed a construction crane that was easy to move from one building site to another. With that idea, Liebherr International (1991 sales near $3 billion) was born in 1949. Hans, now 76 and still chairman (his four sons and daughter each run a division), makes our list for the first time this year. The company has been Swiss since 1983 for tax reasons.

Germany remains Liebherr's single biggest market, bigger still with the reconstruction of what used to be East Germany. Most sales are of very high quality construction equipment: cranes, excavators, loaders, concrete mixers. The company also makes refrigeration units, as well as landing gear and air-conditioning for aircraft, which drew Liebherr into Boeing's 777 jumbo jet program and maybe a permanent foothold in the U.S. aircraft equipment market. Other family holdings include six European hotels and three U.S. farms.

Maus/Nordmann family

Net worth: $1 billion
After taking on a huge amount of debt to acquire Carson Pirie Scott, Chicago's number two department store chain, in 1989, the Maus/Nordmann's Bergner & Co. department store chain filed Chapter 11 last August. "In retrospect we paid too much for the company," admits a spokesman. The family may have sold its 40% of prestigious French department store Au Printemps for $625 million last fall to raise cash for the American disaster. The families, related by marriage since 1929, can fall back on their still healthy Maus Frères department stores throughout Switzerland.

Klaus Jacobs

Net worth: $1.5 billion

Having sold his family's coffee-and-chocolate firm, Jacobs Suchard, to Philip Morris for $1.4 billion in 1990, Jacobs, 55, paid $340 million for 28% of Swiss-based Adia S.A., the world's second-largest temporary employment agency. Adia's shares promptly plunged 70%: Its temp business hasn't proved recession-proof, especially in the U.S. His American confectionery, E.J. Brach, is hurting, too.

Walter Haefner

Net worth: $1.2 billion

Careal, heart of his fortune, is the Swiss distributor for Porsche, VW and Audi; sales, about $1.75 billion, 16% of the Swiss car market. A recession has cut car sales, but Haefner also owns 21% of U.S. software company Computer Associates. His son, a math professor, and daughter, who works with the mentally handicapped, show no interest in the business. Haefner, at 82, shows no sign of retiring.

Hoffmann family

Net worth: over $2.8 billion

Paul Sacher, 86, has for many years been on the board of pharmaceutical giant Hoffmann-LaRoche. His late wife, Maja, was the widow of Emanuel Hoffmann, only son of company founder Fritz Hoffmann. He lives quietly, at Karl Kipp's *(which see)* five-star Tschuggin Hotel in Arosa, Switzerland in season, and presides over the Hoffmann and LaRoche families' controlling, special voting shares in the $21 billion (market value) company.

Sweden

By Linda Killian

Rausing brothers

Net worth: $7 billion

After ten years in Switzerland, Tetra Pak joins other Swedish firms coming home after the government cut taxes on personal income, capital gains, dividends and interest income. The $8 billion (sales) company is a worldwide maker of sealed packaging that permits long-term storage of spoilable liquids without refrigeration. Another reason for going home is last year's $2.45 billion acquisition of Alfa-Laval, Sweden's big dairy and food processing equipment company. Hans, 66, chairman, and brother Gad, 70, who isn't active in management, own the whole company. They remain tax refugees living in the U.K.

Ingvar Kamprad

Lars Nyberg/Pressens Bild

Net worth: $2.8 billion

Swedish-based Ikea, the discount furniture chain founded by Kamprad, still gets 85% of its $3.8 billion sales in Europe. But it pushes hard in the U.S. and is adding Budapest, Prague, Leipzig and Warsaw. Kamprad, now 66, stays chairman: "I don't think he will ever slow down. This is his life," says a company spokesman.

Netherlands

By Linda Killian

Fentener Van Vlissingen family

Net worth: $2.8 billion

The family fortune is based on stakes in European oil and natural gas companies Calor and Primagaz, and retail chains Makro and Metro. Grouped under SHV Holdings, they're run by Paul Van Vlissingen, 51. Brother Frits Henry, 58, runs the family's private investment company. Brother John, 53, ran Noro Group, an investment group that also handled an estimated $1 billion of family money. Last fall John was cleared of shareholders' charges that he manipulated funds to benefit himself while they took big losses on real estate. However, he resigned as head of the group.

Brenninkmeyer family

Net worth: well over $4 billion

A supersecretive clan, the Brenninkmeyers own a 150-year-old chain of low-priced apparel stores, now worldwide. In Europe, they are C&A; German sales are near $5 billion. In the U.S., eight regional chains with 1,200 stores: The Lodge in New England, Steinbachs in New York. Family are devout Roman Catholics and one member is a South African bishop. Now fifth-generation, the clan is still based around its retreat in Bettingen on the German border, where most family members are buried.

Denmark

By Linda Killian

Kristiansen family

Net worth: at least $1.5 billion

Lego Systems A/S, maker of those brightly colored plastic Lego blocks, is among the globe's top ten toy companies. Worldwide sales estimated at $1.7 billion. The private company was founded in 1932 by Ole Kirk Christiansen (d. 1958). His heirs still own the company and changed the spelling of the family name. Son Godtfred, 72, is chairman; the company is run by grandson Kjeld Kirk Kristiansen, 43. Based in tiny Billund, 150 miles west of Copenhagen, the company operates Legoland, a city made from 42 million Lego blocks. Legoland is Denmark's second-biggest tourist draw. Kjeld, who lives near the factory and is considered a workaholic, is thinking of building new Legolands, at $100 million each, in Europe and the U.S. San Diego, Boston and Washington, D.C. are possible sites.

What to buy with the money you save at a discount broker.

Germany

By Diana Fong, Linda Killian and Philip Glouchevitch with Forbes von Burda

Opening to the East

Some of Germany's billionaires understand perfectly well that long-term opportunity often comes dressed as short-term trouble, and act accordingly. Although they do not underrate the problems of investing in the part of their country that was formerly a socialist republic, neither are they willing to forgo what could be the chance of a lifetime to gain a foothold in an economy of 17 million people that has only one direction to go: up.

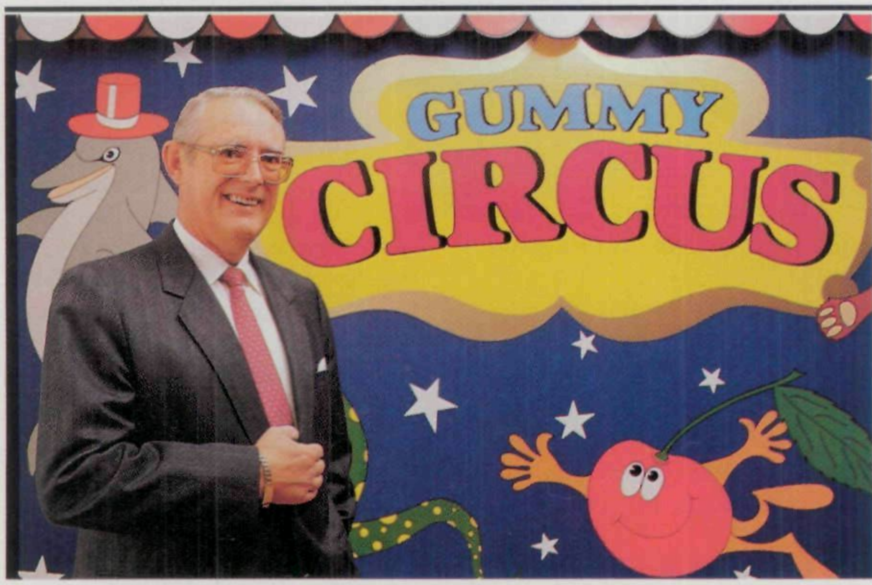
Erivan Haub

Net worth: $6.9 billion

Germany's richest individual, he's also the biggest individual player in the opening to the East. His Tengelmann Group supermarket chain is investing some $190 million annually in eastern Germany, to build the same 8% market share he has in the West: a big reason his German sales were up 22% in 1991, to $13 billion. A new $125 million supply center just outside Dresden, his biggest and most modern, will service Haub's PLUS discount stores in eastern Germany as well as stores yet to come in Poland and Czechoslovakia. To help eastern producers stand up to western competition, Tengelmann has guaranteed to buy certain eastern German products. Haub's stores, east and west, stock 800 such items.

Haub, 59, and his wife, Helga, hold precautionary dual Canadian-German citizenship; His sons have U.S. citizenship. The family owns the A&P grocery chain in the U.S.

But he's facing East.



B.C. Möller/Woodfin Camp

Erivan Haub

World's richest green?

Johanna, Susanne and Stefan Quandt

Net worth: over $4 billion

The widow Johanna, 65, and two children of industrialist Herbert Quandt (d. 1982) own over 60% of BMW—1991 revenues $19 billion—which Herbert built up. BMW sold nearly 10,000 cars in eastern Germany last year, up from zero not long ago. (Eastern Germans bought 500,000 cars last year.)

D.P.A./Photoreporters

Johanna Quandt

And she has two billionaire children.

BMW is only the most visible part of the Quandt empire. Herbert's children from an earlier marriage own a controlling stake in Varta A.G., Europe's second-leading battery maker. Susanne, 29, controls Altana A.G., a diversified company best known for pharmaceuticals. Stefan, on turning 25 this year, will get control of Delton A.G., which controls a variety of businesses, and be a billionaire himself.

Heinz Bauer

Net worth: $1.6 billion

Bauer, 52, also is quick to benefit from the East's appetite for all things Western. His Bauer Verlag publishes Germany's equivalent of *TV Guide* and a string of women's and other magazines like *Quick*, *Bravo* and *Tina*, putting it in Germany's Big Four magazine publishers (with Springer, Bertelsmann's Gruner + Jahr, and Burda, publisher of our sister magazine Forbes von Burda).

Bauer has seen sales jump 20% (to $1.6 billion) since the Wall came down. He has the East to thank, though his company says its women's magazines in the U.S., *Woman's*

World and *First for Women*, sold in supermarkets, are "in the black."

Oetker family

Net worth: $3.2 billion

Dr. Oetker is to Germans what Betty Crocker or Stouffers is to Americans. Puddings, cake mixes and frozen foods bearing the name are familiar to virtually every household. Oetker products also appear in almost every European country except Britain. For it, the 1990s strategy is to concentrate on Eastern Europe. It has control again of a Polish food plant in Gdansk that belonged to the Oetker group until 1944; it has a new joint sales venture with a Czechoslovakian partner. There will be more: The Oetkers, now led by a great-grandson of the founder, also named August Oetker (he's 48), are in shipping, luxury hotels, supermarkets, breweries and financial services.

Grete Schickedanz and family

Net worth: $3.3 billion

At 80, Grete Schickedanz still oversees Quelle, Europe's biggest (1991-92 sales, $9.4 billion) mail-order house. She has turned active management over to her son-in-law Wolfgang Bühler, who also runs her Apollo optical chain, furniture retailing, photo outlets and a Coca-Cola concession. Quelle got a huge boost from German reunification, but with eastern Germany at least temporarily leveling off, the company is looking for customers elsewhere in the former Eastern bloc: There is the small-potatoes Intermoda catalog in Russia, which sells for hard currency, not rubles. Quelle is also in Hungary, Czechoslovakia and Poland, in local currencies. "We want to have our foot in the door from the very beginning," explains a director.

Herz family

Net worth: $2 billion

Walk in a German shopping district, and you're likely to smell the aroma of freshly roasted coffee from one of 600 Tchibo stores—which also sell discounted VCRs, makeup kits, cookware and bathrobes. The founder's son, Günter, 52, is taking Tchibo Frisch Röst Kaffee beyond eastern Germany, to undercoffeed Czechoslovakia. Tchibo Holding has 26% of Beiersdorf (Nivea skin creams) and 71.4% of

Albrecht brothers

Franz Ruch/Forbes von Burda

Theodore Albrecht

Rainer Drexel/Bilderberg

Just one of 2,200 Aldi discount stores in Germany

How to make billions on penny-pinching.

Franz Ruch/Forbes von Burda

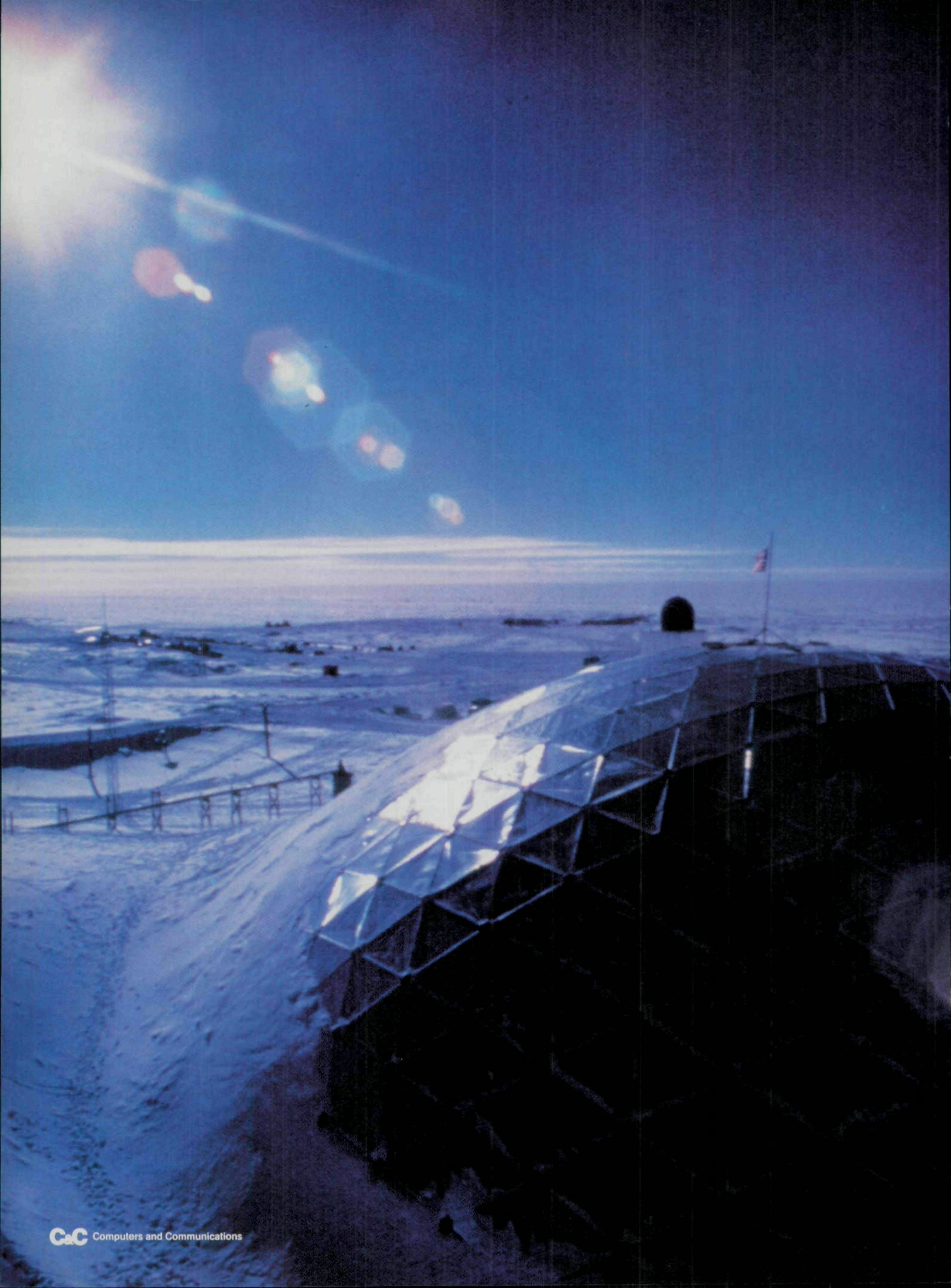
Karl Albrecht

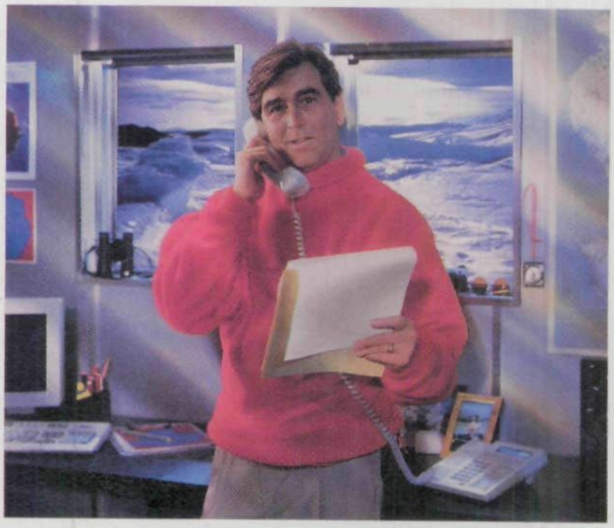
Net worth: $5.1 billion

If you think Wal-Mart's tough, try the Aldi supermarket chain, founded 1948 by secretive Theodore, 70, and Karl, 72. It is now international, with 300 stores in the U.S.' Midwest under the Aldi sign. Low-cost? Try 20% below even discount supermarkets. With prices like this Aldi's stores get by with almost no advertising.

The secret of the low prices is tight penny-pinching. Aldi stocks mostly canned and dry goods, and little meat and dairy, saving the costs of spoilable produce. It stocks only 500 to 600 basic items, which is about all the cashiers' memories can manage. The cashiers manually punch in numerical codes faster than any fancy electronic scanner because they know the price of every item in the store. That means price labels are not needed on the cans and packages. And when they're not tending the till, cashiers replenish shelves or mop floors, or are sent home when business gets slow. Aldi pays above-average union wages and does everything it can to keep unions out or undermined and weak. By dividing its 2,100 western German stores into 32 independent regional companies, it tries to deny companywide unions any real leverage on Aldi.

This powerhouse of Spartanism is growing: It has a reported 100 new supermarkets in eastern Germany. It has 40 in Britain—and plans 200 by mid-1993. It is renting space in stores of a major British chain, Gateway, which will supply fresh foods to the Aldi customers. Might the U.S.' Albertson's supermarket chain try the same deal? The Albrechts have owned 11% of it for years.


C&C Computers and Communications



Reemtsma, Germany's second-largest cigarette maker after Philip Morris GmbH, to take east.

von Siemens family

Net worth: $2.2 billion

A von Siemens family trust retains 10% of the stock and effective voting control of giant Siemens A.G. Siemens' new CEO will be Heinrich von Pierer, 51, the engine behind last year's acquisition by Siemens of controlling stakes in Czechoslovakia's Skoda energy and transport units. That was part of an overall expansion plan to reestablish Siemens' big prewar business in Eastern Europe. Eastern Germany has already generated $2.1 billion in orders. Expect more.

Bosch family

Net worth: $1.2 billion

Robert Jr., 64, a psychologist, and sister Eva Madelung own 8% of late father's Robert Bosch GmbH, one of Germany's ten biggest companies (world sales, $20 billion), which makes automotive parts, consumer goods, communications and industrial equipment. Robert Jr. is on the board of the charitable foundation owning the other 92% of the firm.

Haindl family

Net worth: $2.1 billion

Clemens Haindl, 55, has taken over from brother Ernst, 66, the direction of Germany's third-largest paper company, Haindl KGaA (1990 sales, $1.4 billion). Two years ago the company invested over $250 million in an old East German paper plant in Schwedt, on Germany's Polish border—a big bet. When fully operational in 1993, it will boost company newsprint capacity 25%.

Merck family

Net worth: $2.5 billion

Merck Group, a big maker of pharmaceuticals and chemicals long since severed from the U.S.' Merck, Inc., grows slowly but surely. It let itself be outbid recently for what had been East Germany's leading pharmaceutical company. Chief Executive Hans Joachim Langmann, 67, a family member, said he regretted that, but Merck won't get into bidding contests that carry prices beyond what it considers reasonable.

Henkel family

Net worth: $4.3 billion

Family-owned (except some public nonvoting preferred stock) specialty chemicals and consumer products company Henkel KGaA is spreading through the world. In the U.S. it has its own specialty chemicals operations, plus 27% of Clorox and 26% of Loctite. Last year Henkel paid over $550 million for Swedish cosmetics firm Barnängen, which is also strong in Italy, France and Spain. Henkel is also in Hong Kong and Southeast Asia and recently moved into Poland.

Otto family

Net worth: $2.6 billion

Hamburg-based Otto Versand, the world's biggest mail-order house (sales $12.8 billion), has brought seven-day, round-the-clock home shopping by telephone, common in the U.S., to Germany. What of the German labor laws that forbid night shifts and weekend work? Simple. Otto Versand channels telephone orders from Germany into nearby Denmark, a country with some of the most liberal labor laws in the EC. Otto Versand is run by Michael Otto, 49, eldest son of founder Werner Otto's five children. The company is growing internationally, having acquired Spiegel here in 1982. It's got Grattan in the U.K., Trois Suisses in France, Otto-Sumisho in Japan, and presences in eight other countries.

The Metro Billionaires

One of the world's biggest businesses started by getting around Germany's labor laws—creating two billionaire fortunes and greatly augmenting another. Otto Beisheim, 68, founded German-origin retail and wholesale giant Metro. Its 1991 sales are estimated at $30 billion.

Otto Beisheim

Net worth: $3.4 billion

In 1964 Otto Beisheim saw U.S. cash-and-carry stores and realized a wholesale operation could get around Germany's restrictive store closure laws, which forbade evening and weekend hours. He would be a wholesaler, exempt from the law, instead of a retailer. But he'd wholesale to almost anyone who came in. Beisheim brought in the Schmidt-Ruthenbeck and Haniel families, operators of supermarkets and food distribution chains, as partners when he ran short of cash early on.

Beisheim still guides Metro, and in February, with several partners, launched a German cable channel to air popular American and British

Hank Meyer

Beisheim (with mobile phone) at Key Biscayne tennis tournament

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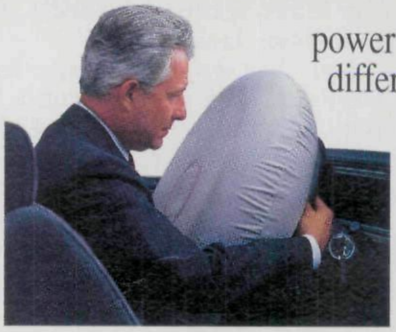

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Dodge Dynasty

films. He travels on a Swiss passport to winter in Bal Harbor, Fla. Beisheim hates publicity: He pretended to a FORBES reporter on the phone that he was his own German housekeeper. An avid sports fan, he golfs (11 handicap), has three foundations that mainly fund athletic programs, and frequents tennis tournaments.

Haniel family

Net worth: estimated $6.4 billion
This clan runs its own giant company plus its Metro holding. Franz Haniel & Cie. GmbH (1991 sales, $10.8 billion) owns major food wholesalers Scrivener's and Gateway Foods in the U.S. and is investing $600 million in eastern Germany to develop pharmaceutical, trucking, environmental consulting businesses. (The latter, with customers like Volkswagen, is growing at double-digit rates.)

Schmidt-Ruthenbeck family

Net worth: $3.4 billion
Secretive brothers Michael and Rainer Schmidt-Ruthenbeck live quietly, somewhere, vastly enriched by their late father's fortunate investment in Metro.

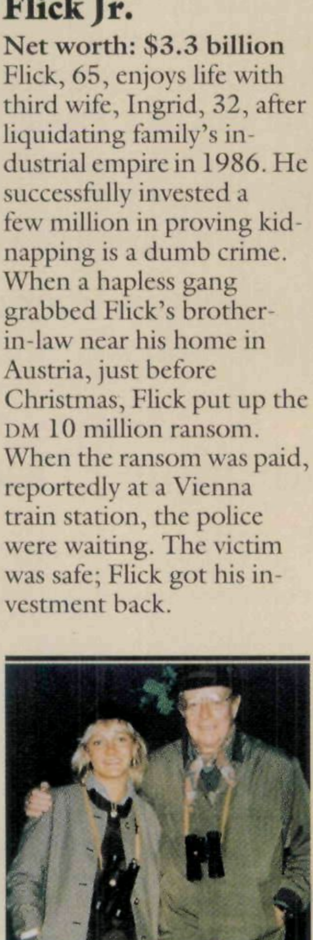
The fight with Germany's retail association—and trade unions—over Metro's extended hours continues, while Metro has grown and grown. Along the way it added 51% of big German retailer Kaufhof and holdings in two others, Asko and Kipp's *(which see)* Massa.

In the U.S. it owns wholesaler Jetro Cash and Carry. Chief Executive Erwin Conradi says nearly 50% of Metro's business is now in outright retailing operations, and that is where it will grow: Elsewhere, it doesn't need to worry about Germany's crazy paternalism. *(See also the Otto family.)*

Wedding bells

Friedrich Karl Flick Jr.

Net worth: $3.3 billion
Flick, 65, enjoys life with third wife, Ingrid, 32, after liquidating family's industrial empire in 1986. He successfully invested a few million in proving kidnapping is a dumb crime. When a hapless gang grabbed Flick's brother-in-law near his home in Austria, just before Christmas, Flick put up the DM 10 million ransom. When the ransom was paid, reportedly at a Vienna train station, the police were waiting. The victim was safe; Flick got his investment back.


Sipa


Andrea Schick/Bunte

Chantal Grundig

Net worth: $2.2 billion
At 43, the widow of German business legend Max Grundig (d. 1989 at age 81) minds the big stakes he left behind in Dutch consumer electronics giant N.V. Philips and his own Grundig A.G. for her and their daughter, Maria-Alexandra, age 12. But even billionairesses need more than money to be happy: She may finally be able to marry her lover, a heart surgeon, 54—he recently divorced his wife of 30 years.

Leo Kirch

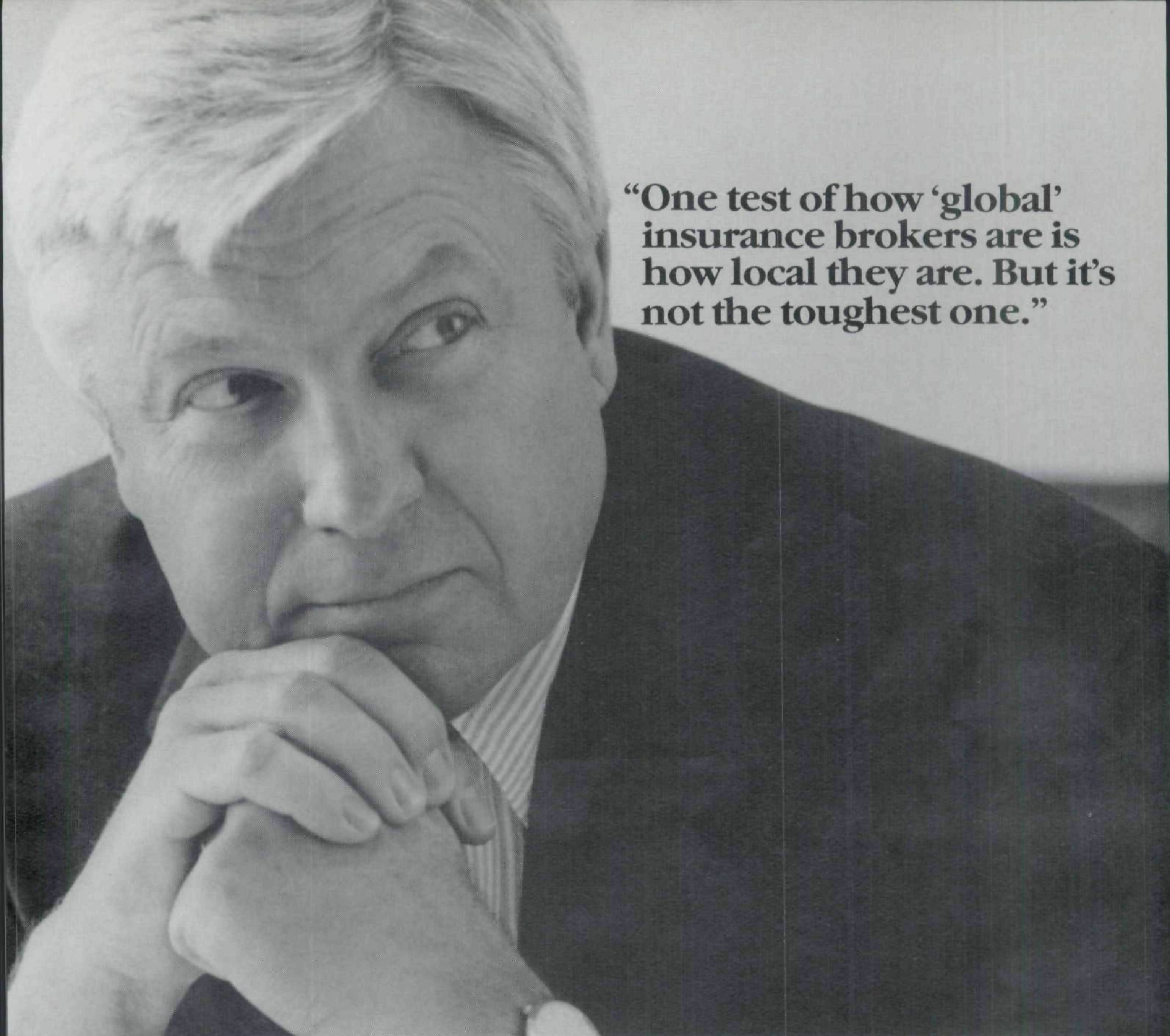
Net worth: $1.5 billion
Kirch, 65, is Europe's leading distributor of movies, and of TV reruns. Like the Metro billionaires, he avoids the limelight, exercising control behind the scenes: He has stakes in most of Germany's private, cable and pay TV channels. A few years ago Kirch sold a huge film package to a company owned by Beisheim, who flipped the films at a big profit to private stations—one part-owned by son Thomas, the other mostly owned by Kirch and mass newspaper publisher Axel Springer, where Kirch has 26% and has forced his way on to the board. Kirch also has close ties with Italian media mogul Silvio Berlusconi *(which see)*.

Reinhard Mohn

Net worth: $3.7 billion
Mohn, 71, built up media giant Bertelsmann (1991 sales, $9.3 billion) from his family's tiny, bombed-out hymnbook publisher after World War II. Bertelsmann paid $475 million for the U.S.' Doubleday publishing and $333 million for RCA Records in 1986, but dropped out of the bidding for Richard Branson's Virgin Music Group when Thorn EMI paid £510 million for Virgin. "That's at least double what we would've wanted to pay—not that we don't have the money," explains a spokesman. More to the company's liking was an 868,000-square-foot office building in New York's Times Square bought in March for $119 million to house U.S. operations, which include the music and publishing divisions. That's about $137 a square foot, vs. about $300 a square foot a couple years ago.

von Oppenheim family

Net worth: $2.8 billion
Baron Alfred, 58, and cousin Manfred, 68, are making Sal. Oppenheim Jr. & Cie. bank (equity, $622 million) a force to be reckoned with in post-1992 Europe, adding industrial and trade clients and institutional investors to the high-net-worth individuals at Germany's biggest private bank. There is a New York connection with the Blackstone Group, for transatlantic mergers and acquisitions.



"One test of how 'global' insurance brokers are is how local they are. But it's not the toughest one."

David Olsen, Chairman and CEO of Johnson & Higgins, on responsiveness:

Global companies want their insurance and risk management professionals to be on call wherever they do business.

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Nobody tops our forty years of experience in making networks work for clients.

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RISK AND INSURANCE MANAGEMENT SERVICES; EMPLOYEE BENEFIT CONSULTING WORLDWIDE.

August and Wilhelm von Finck

Net worth: $2.5 billion

Wilhelm, 64, pursues the life of a Bavarian country gentleman on his vast estates near Munich. Brother August, 62, is the active one. Last January he bought a controlling interest in a struggling Swiss-based restaurant chain, Mövenpick. In March he bought an estimated 10% of Swiss metals company Alusuisse. Back home in Bavaria, he continues to hold the majority of Würzburger Hofbräu and Löwenbräu breweries as well as a stake in a variety of banking and industrial interests.

Josef Schörghuber

Net worth: $2.4 billion

Known as "Bavaria's Goldfinger" for his massive real estate deals and his massive girth, Schörghuber, 72, owns prime Munich real estate, a construction outfit, Coca-Cola concessions, the Arabella hotel chain (named after his daughter but run by son Stefan), and several breweries, including Paulaner, Bavaria's largest, which is in the red after a fouled-up attempt to expand in northern Germany.

Karl Heinz Kipp

Net worth: $2.4 billion

Another retired German retail power, 68, lives in Switzerland's five-star Tschuggen Hotel, which he owns with three others. He sold his Massa discount stores years ago—but collects $60 million annual rent until 2015 on the buildings occupied by the 27-store chain. He also has New York office buildings formerly managed by son Ernst Ludwig of Annapolis, Md. Ernst is now out of the family business; Kipp's daughter, Ursula Bechtolsheimer, and her husband are in.

Voith family

Net worth: $2.4 billion

The feud between two Voith family branches ended in the division into two parts of J.M. Voith GmbH, the 125-year-old manufacturer of papermaking machinery and heavy equipment. One set of cousins will keep the core industrial businesses, while the other takes the private financial holding company, known as DEWB A.G., and some lesser machine-tool businesses.

Mann family

Net worth: $2.1 billion

The family-owned Wertkauf/Mann group has 20 German hypermarkets and Mann Mobilia furniture stores, estimated sales $2.1 billion. Hugo Mann, 78, acquired Fed-Mart (California and Texas) in 1975 to introduce hypermarkets; his effort had failed by 1983. Son Johannes, 40, now runs the group, and is just as secretive as his father. Mother Rose, however, wrote a cookbook.

Willi Leibbrand

Net worth: $1.9 billion

Having sold out his discount supermarket outlets to Cologne-based Rewe-Zentrale and liquidated his U.S. holdings, Leibbrand, 60, is making his mark in the wine business. Now retired, Leibbrand spends much of his time at the Hotel Schloss Reinhartshausen, a 53-room château on the Rhine near Frankfurt, which he bought four years ago. The hotel's 400 acres of vineyards produce Schloss Reinhartshausen Rieslings and chardonnays. His company also imports Mondavi wines and Taittinger champagne to Germany.

Freudenberg family

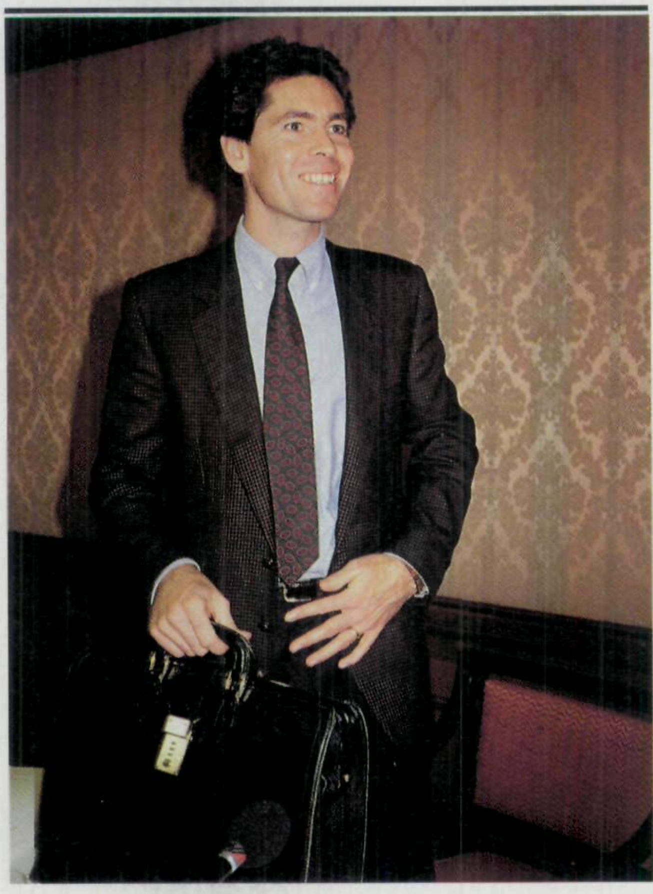
Net worth: $1.9 billion

Freudenberg Group, near Heidelberg, is world leader in nonwoven textiles, used in interlining garments, tufted carpets and baby diapers—40% of 1991's $2.8 billion turnover. Run by fourth-generation Reinhart Freudenberg, 60, it started from a tannery that still supplies boxcalf leather for shoes to Bally and Allen-Edmonds. Diversified industrial products are roughly half of sales.

Rolf Gerling

Net worth: $1.8 billion

Hans Gerling, who died last August at 76, built Gerling-Konzern into Europe's largest insurer of industrial risks (1991 premium income: $6.1 billion). He almost lost it all in that



Thomas Exler/Bunte

Rolf Gerling
He prefers research, but he intends to keep his patrimony.

infamous banking crisis, the Herstatt affair of 1974, but won it back, thanks to help from fellow billionaire Flick *(which see)*.

Control passed to son Rolf, 38, (three sisters were bought out years ago). Rolf, whose father appointed Adolf Kracht to run the business, himself will be busy with his research institute specializing in industrial psychology and with his passionate environmentalist interests.

Boehringer family

Net worth: $1.8 billion

Family head Hubertus Liebrecht died last July. A nonfamily executive moved up to chief executive of the pharmaceutical Boehringer Ingelheim Group (1991 sales, $3.4 billion), but the family is committed to keeping the 100-year-old company, if necessary paring down its businesses (cardiovascular, immunology, central nervous system and respiratory drugs) to concentrate its resources. Boehringer is active worldwide. In Japan (11% of sales), the company now owns its own distribution.

Porsche family

Net worth: $1.7 billion

Descendants of auto genius Ferdinand Porsche, foremost among them Ferdinand Piëch, 55, new chairman of Volkswagen (FORBES, *Apr. 27*). The family's German sports car company is troubled, but Porsche's Weissach research center and the separate Porsche holding company in Austria still prosper.

Röchling family

Net worth: $1.6 billion

Public Rheinmetall, based in Düsseldorf, supplied weapons to German leaders from Kaiser Wilhelm II to Adolf Hitler. Besides tanks, artillery and ammunition, it now makes automotive components and industrial machinery—and has a large paper machinery plant in Enfield, Conn. The Röchling family, with over 150 members, own 63% through their private holding company, which also owns engineering plastics, measurement instruments and telecommunications equipment firms.

Engelhorn family

Net worth: $1.5 billion

The Engelhorns, new to this list, have been producing pharmaceuticals for more than a century. They control the Boehringer Mannheim Group through a Bermuda holding company and have offices in London and Luxembourg. Boehringer is best known for diagnostic testing, as well as heart and diabetes drugs, which it sells in the U.S. and many other countries, including Germany. Curt Engelhorn, 66, (pictured above) who studied chemical engineering at the University of Texas, still oversees things after running the group for 30 years.

Werhahn family

Net worth: over $1.3 billion

The little-known Werhahns of Neuss on the Rhine, over 180 strong, have Wilhelm Werhahn K.G.: building materials, flour milling and much else (1991 sales, $2 billion). Also 50% of Strabag Bau, Germany's fourth-largest construction company. There is much more: A recently hired manager told a German magazine he was "surprised by the enormity of the Werhahns' hidden assets."

Adolf Merckle

Net worth: $1.3 billion

Merckle Group: Ratiopharm, Germany's leading generic drug producer; major drug wholesaler Ferd. Schulze GmbH; stakes in three other drug companies and a cement company; develops brand-name drugs through Merckle GmbH. Built on a family drug company by secretive Adolf, 58, the group cannot expand further in Germany without cartel problems. It is looking abroad.

Brost family
Funke family

Net worth: each $1.3 billion

Liberal Erich Brost, conservative Jakob Funke (d. 1975) founded regional daily *Westdeutsche Allgemeine Zeitung* (WAZ) 1948. They built Essen-based WAZ Group into Germany's largest regional publisher with low subscription rates, extensive classifieds. It has three other Ruhr dailies, magazines, stakes in TV and local radio stations, two of Austria's largest papers—25% of Otto Versand *(see Otto)*. Half is owned by Funke's four daughters, half by Brost, 88, and adopted son Erich Schumann, 61.

Reimann family

Net worth: $1.3 billion

Eleven Reimanns own Joh. A. Benckiser GmbH (1991 sales: $2.3 billion). Ambitious Benckiser is acquiring fast in consumer products from perfume to detergent. In May it agreed to pay $440 million to Pfizer for Coty cosmetics in the U.S. Acquisitions are financed largely through bank debt and commercial paper, and equity is less than 20% of total capital. But operating cash flow is still over twice the debt service.

The Reimanns leave running the company to CEO Peter Harf, who is a fanatical cost-cutter. Benckiser, based in Ludwigshafen, will soon return to the small villa previous management felt it had outgrown—in the 1950s; the former headquarters was sold to chemicals giant BASF.

Conle family

Net worth: $1.1 billion

LTU (Lufttransport Union), the charter airline that recently took an option to buy Thomas Cook travel service, thrives by offering cheap tour packages to Germans bound for Spain, Greece or Turkey. But as European skies deregulate, competition rises and LTU (1991 sales, $1.6 billion) must adapt. It has added service to Asia and America and is starting a joint venture with Club Med. The Conle family owns 60%, but Westdeutsche Landesbank owns 34% and controls management. The bank envisages a public offering for LTU soon.

Middle East

Saudi Arabia

By R. Lee Sullivan

Unlike Kuwait, Saudi Arabia is enjoying an economic rebound that has spurred consumer demand up and down the Gulf. And it's not just a small claque of royal princes who are doing the buying.

Saudi Arabia (pop. 15 million) has a rapidly growing middle class. Spurred by television advertising, they're buying all manner of consumer goods. Especially popular: anything American in the wake of the Gulf war. Thanks largely to the consumer spending boom, gross domestic product rose 6.6% in 1991; 3% is expected this year.

Where are the Kuwaiti billionaires?

Kuwait's two biggest merchant families, the Al-Ghanims and the Al-Kharafis, are not back on this list more than a year after the Gulf war ended. They are still rich, but the depressed Kuwaiti economy makes their status somewhat uncertain.

The reason is simple: With the expulsion of foreigners following liberation, Kuwaiti businessmen have lost half their domestic market and their most skilled workers.

The emir has promised an election for the National Assembly in October. To stay popular with the only people who can vote, the government is throwing around tens of billions, yet the business economy languishes. Why? In effect, the ruling Al-Sabah family is trading economic growth for popularity. This is a continuation of its centuries-old struggle with the country's merchant families.

Forgiving $7 billion of personal debt and granting 25% raises for civil servants, who are most of the work force, creates goodwill for the Al-Sabahs. So does the expulsion of Palestinians and Jordanians, many perceived to have been traitorous.

But the expulsion cuts the population in half, to around 1.2 million. So demand is down. "Competition is cutthroat, and our prices are low," moans Mohsen Rifaat of Kharafi Industries. Experts foresee a permanent one-third reduction in commerce.

The salary increases are double-edged, too: Wages the merchants must pay to bid in the shrunken labor pool also go up. The merchants are often landlords as well: Real estate values are down 40%. Visitors speak of rows and rows of empty apartment buildings—200,000 vacant apartments, by one count.

Thus, while the middle class may be happy, merchants and capitalists are not. "Any economic policy the government has now has political roots," complains Abdul Aziz Al-Sultan, chairman of Gulf Bank, Kuwait's second largest. "They [the Al-Sabahs] are trying to consolidate their power." –R.L.S.

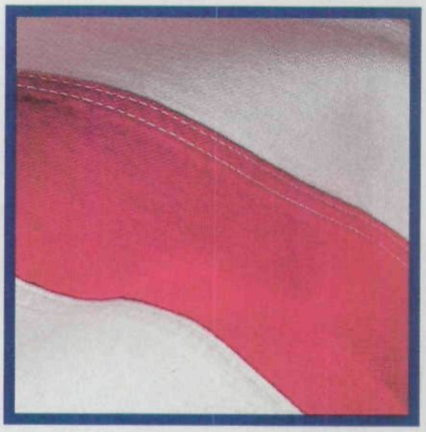
A. Ramella/Marka

James Lukoski/Black Star

Ben Gibson/Katz/Saba

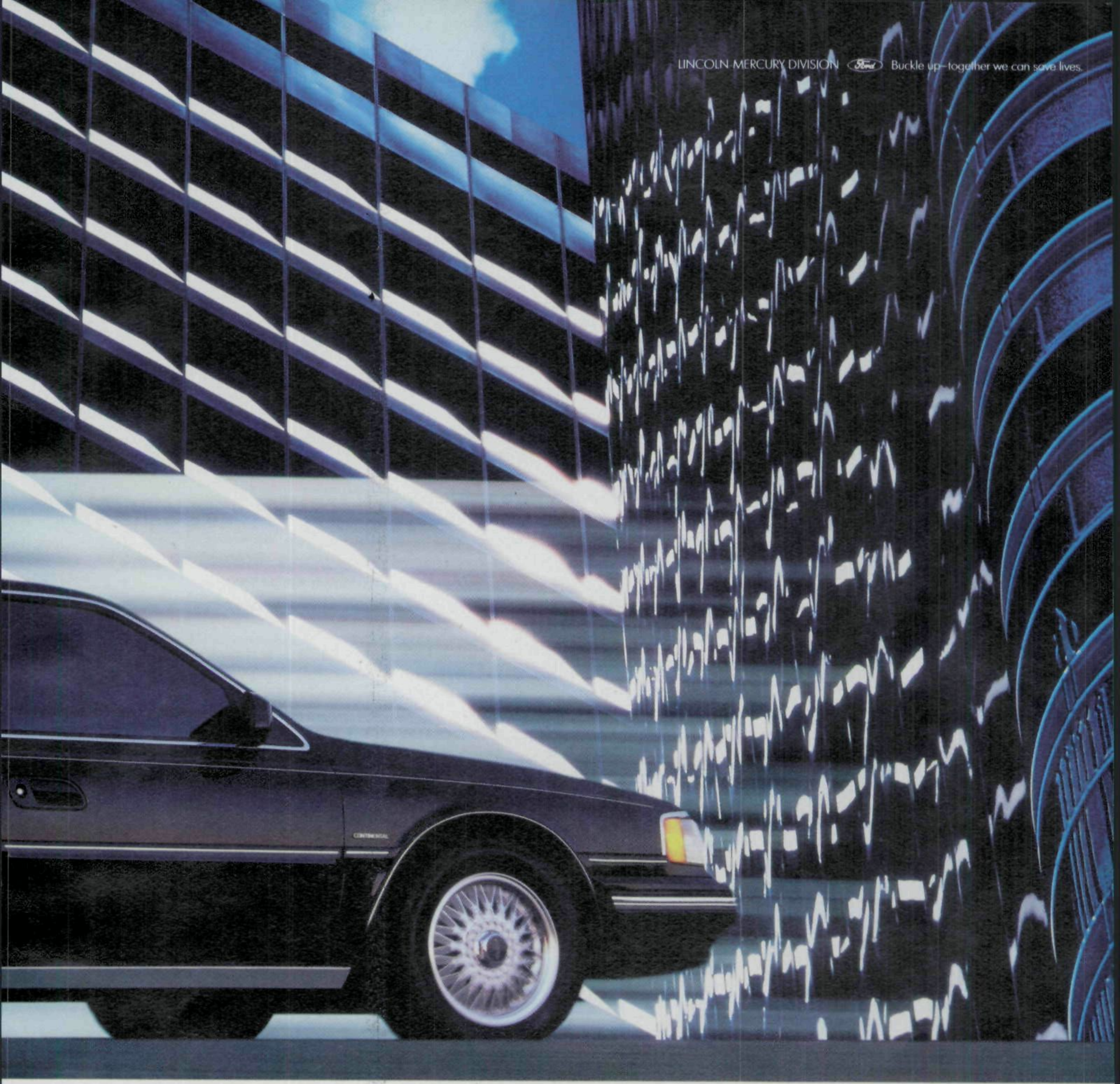
Kuwait a year later

Empty apartments, empty shops: election time.



When Three Microprocessors Talk To Each Other, What Do They Talk About?

Computer conversation: It could be about something as ordinary as wheel speed or as esoteric as steering angle rate of change. Or any of thousands of bits of electronic information that help make Continental one of the world's most capable and comfortable luxury cars. Consider for example, Continental's EEC-IV drivetrain core computer–the same system that regulates the powerful engine of the Benetton/Ford Formula One race car. In Continental, EEC-IV controls all vital engine functions including fuel injection and ignition timing, then coordinates engine operation and electronic transmission shifting for a near seamless flow of power. Further enhancing this smooth sensation of driving



ease is a computerized suspension system. Here, dual-rate gas pressurized shock absorbers and air springs are electronically regulated to optimize ride and handling. The result is a reassuring sense of confident control and an extraordinary sense of riding comfort. To this, add the stability of computer-controlled four-wheel disc anti-lock braking (ABS). The precision of computer-regulated speed-sensitive power steering. The peace of mind of a driver- and passenger-side air bag Supplemental Restraint System. Add, in brief, a keenly proficient array of microprocessor-managed driving systems. Systems that help make Continental one of today's most advanced luxury cars. Something well worth talking about.

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Abdul Latif Jameel

Net worth: about $2 billion

Now in his 70s, Jameel has been sole agent for Toyota in the kingdom since 1955. With sales of 87,000 cars in 1991, Toyota grabbed 40% of the Saudi car market. Jameel also has interests in British-based car distributors Hartwell and Trimoco, and in U.S. real estate coast-to-coast. The property is held through his New York-based Jaymont Properties.

Suliman Olayan

Net worth: over $1 billion

This year Olayan, 74, will oversee openings of the first Saudi franchises for Hertz and Burger King, adding to his licenses from Colgate-Palmolive, Kimberly-Clark and other U.S. consumer goods companies. Olayan Group will soon complete a Coca-Cola bottling plant on Saudi soil, challenging dominant Pepsi. Olayan's companies play the Saudi stock market, as well; it has doubled in a year.

Kristine Larsen

Suliman Saleh Olayan

As American as Coca-Cola?

Al-Rajhi family

Net worth: $4-billion-plus

The Al-Rajhi family is headed by brothers Sulaiman, Saleh, Abdullah and Mohamed. As offshore Saudi money has flooded back to play the local stock market, shares in the family's Al-Rajhi Banking & Investment Corp.—the major Islamic financial institution in devout Saudi Arabia—jumped enough to lift the value of the Al-Rajhis 50%, from $1.8 billion to $3.2 billion. The Koran forbids interest, and the Al-Rajhis' bank earns an astounding 6% return on assets. Billions of riyals are still stuffed in mattresses or shepherds' bedrolls outside the banking system, perhaps as much as one-fifth of the Saudi $12 billion money supply. Plenty of potential for the Al-Rajhis' deposit base to grow.

Bin Mahfouz family

Net worth: $2 billion

Something is very wrong at National Commercial Bank, Saudi Arabia's biggest (assets $23 billion). It has not released a balance sheet since 1989; its managers are squabbling with government auditors over numerous bad loans to many of the kingdom's roughly 5,000 royal princes.

Khalid Bin Salim Bin Mahfouz, 45, owns an estimated 80% of the bank, plus investments in Europe and the U.S. Bin Mahfouz is said to be in a power struggle with the bank's other cofounding family, the Kaakis. The Bin Mahfouzes were big holders in BCCI but sold out before the scandal broke. Their name has come up in documents, but they have not been charged with any wrongdoing.

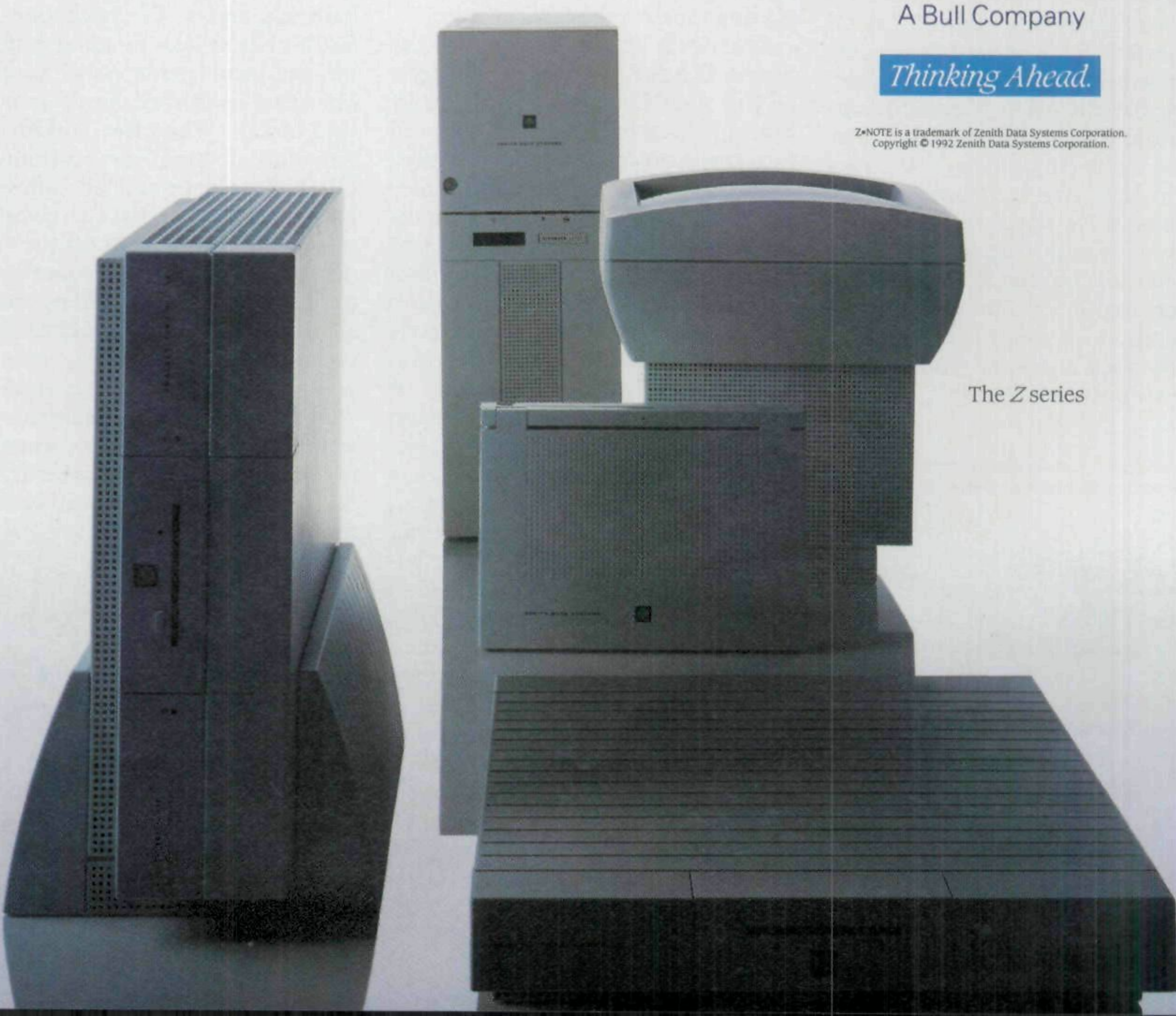
Salim Ahmed Bin Mahfouz

Sovereign debt can't default, eh?

Juffali family

Net worth: about $1 billion

The Juffalis' construction company, E.A. Juffali & Brothers, installed the first air-conditioning in the king's palace 40 years ago. Infrastructure spending is down, but today the company gets high-level military construction contracts, a strong business. The Juffali brothers—Ahmad and Ali—also run several consumer goods franchises, including IBM, Mercedes-Benz and Michelin, in the kingdom. Their foreign investments are managed from New York, through Enpro International.



The *Z* series

Saleh Abdullah Kamel

Net worth: $1.9 billion
Kamel, 51, runs a conglomerate named Dallah-Albaraka, with interests in banking, trade and construction.

Outside Saudi Arabia, Kamel's Islamic banks provide venture capital (total assets, $2.5 billion) for underdeveloped Muslim countries. They include Central Asia's Muslim republics in the former Soviet Union. Kamel has opened a branch of Albaraka Bank in Alma-Ata, Kazakhstan. A second branch is slated for Moscow. Moscow? Kamel feels the city will continue to be the Central Asian Muslim region's trade and financial capital for a long time to come. Kamel recently took a part of United Press International.

Turkey

By Roula Khalaf and R. Lee Sullivan

Turkey's businessmen are turning their attention to the former Soviet republics. Turkey and the Central Asian republics share a common history and the Turkic language group—any Turk who spends a couple of weeks in a Central Asian country can quickly pick up the local dialect. Unlike people from most other nations interested in doing business in Central Asia, Turks are actually willing to settle there.

Few Turkish business people will be able to take advantage of Central Asian opportunities right away. The Turkish economy is suffering from inflation, recession and too many state-owned companies that need privatizing. But, for those with capital and contacts, the former Soviet republics promise to become a Turkish delight.

Nejat Ferit Eczacibasi

Net worth: $1 billion
Since 1948 Eczacibasi, 79, has been producing drugs under license from Western pharmaceutcial companies like Upjohn and Rhône-Poulenc; his Eczacibasi Holdings (sales, $1.1 billion) now claims 16% of the Turkish pharmaceutical market. But Eczacibasi's licensors don't let him sell his licensed drugs in the lucrative European and U.S. markets. So since the mid-1980s Eczacibasi has been exporting them to the Soviet Union.

Eczacibasi has big plans for the former U.S.S.R. republics. In August he will open, in Moscow, a pharmacy bearing the family name; it will sell Eczacibasi-produced generic drugs, as well as proprietary products under license. Eczacibasi is franchising its drugstores in other republics and hopes to build a chain of Eczacibasi drugstores all over the former empire. Supplies will at first come directly from Turkey. But Eczacibasi is also starting small-scale production of antibiotics, painkillers and cough drops in Russia. Says Eczacibasi, sitting in his mansion tucked away on a hill overlooking the Bosporus: "Can you imagine this country [the former Soviet Union] going up to space before the U.S.—and asking *us* to set up a pharmaceutical chain?"

As a young man, Eczacibasi wanted to be a doctor, but his father ordered him to join the family business, a little pharmacy in the Aegean port city of Izmir. After earning an advanced degree in biochemistry in Germany, he returned to Turkey for his military service. He was posted at an Ankara hospital on the eve of World War II. Insulin was in short supply, but Eczacibasi knew that the drug was extracted from animal pancreases. He collected sheep pancreases from slaughterhouses around the city and began to produce insulin.

The insulin put some money in the young man's pockets and made him famous. In 1941 he decided to leave his father's pharmacy and strike out on his own. "I was one of six sons, and my father wanted to divide up one pharmacy and one lab among his six children, which meant in my case one-sixth," explains Eczacibasi. "You can pick your chances, but you can't pick your brothers."

In 1948 the Turkish Industrial Development Bank opened and Eczacibasi borrowed $810,000, a lot of money in Turkey at the time. He used the capital to land his first license to make antibiotics from the Parke-Davis company, now part of Warner-Lambert. He went on to win 25 other pharmaceutical licenses.

Over the years Eczacibasi, like other Turkish billionaires, diversified—first into ceramics (the ceramics division now makes bathroom sinks and bathtubs and is the backbone of a $200-million-sales building materials business) and later into such far-flung industries as canned foods and gypsum blocks. When the Turkish government opened its economy in 1980, Eczacibasi and his oldest son Bulent, now 43 and in charge of day-to-day operations, sold off the extraneous operations and concentrated on pharmaceuticals, building materials and paper products. (Eczacibasi's younger son, Faruk, 38, runs the company's small computer division.)

His father's little pharmacy still stands on an Izmir street corner, and is run by one of the younger Eczacibasi brothers. Another brother works for (but owns none of) Eczacibasi Holdings.

Vehbi M. Koc

Net worth: over $3 billion
Founder and head of Koc Group (unconsolidated sales, $9.4 billion), and by far Turkey's richest man, Vehbi Koc wants to increase exports from 6% of sales to 20% within a few years. His companies make everything from textiles to appliances to cars. He's

interested in doing business in Central Asia, but also in the U.S. and Europe.

The Turkish government is pushing to privatize state-run industries and encourage capital investment, including foreign investment. Competition will likely increase in Koc's protected local markets. To get in shape, Koc Group has hired the London-based consulting arm of Arthur Andersen to modernize its information technology.

Vehbi Koc, now 91, reportedly walks 3 miles a day. Son Rahmi, 60, is chairman.

Sabanci brothers

Net worth: at least $1.2 billion

Led by eldest brother Sakip Sabanci, 59, the five brothers run Haci Omer Sabanci Holding A.S. Started in 1925 by their father, it is Turkey's second-largest conglomerate (after Koc Group, *see above*), and is into everything from textiles to cars to banking. Like the Eczacibasis and Kocs, the Sabancis want to expand into Central Asia. But Sakip has a more pressing problem: The third generation of Sabancis has around 20 members who want to run the group. So Sakip has set up an internal competition to see which family members have the most commercial talent.

Several of the Sabancis' operating companies are publicly traded, but Sakip Sabanci warns that the Istanbul market is too erratic: "Except to support the shares of my companies, I don't invest in Turkish stocks."

Lebanon

By R. Lee Sullivan

Safra brothers

Net worth: $1.1 billion

Edmond Safra, 60, values his reputation and dislikes American Express. Passionately. Two years ago Safra forced a humiliating apology (and an $8 million cash settlement) from American Express for libeling him.

Safra's principal assets are his 29% stake in Republic National Bank of New York (assets, $29 billion) and his direct 21% ownership of Geneva's Safra Republic Holdings. (Republic owns another 49%.) Younger brothers Joseph, 53, and Moise, 58, own First International Bank of Israel and São Paulo's Banco Safra. The brothers are now trying to get a cellular telephone concession in Brazil, in partnership with Atlanta-based BellSouth Corp.

Gerardo Somoza/Outline

Edmond Safra

Note to James Robinson: His name means everything.

Rafik B. Hariri

Net worth: over $2.5 billion

Now 48, Hariri built Paris-based Oger International, an engineering and consulting group. He also owns construction company Saudi Oger in Riyadh. An entrepreneur with strong connections in Saudi Arabia, Hariri is also an active philanthropist in Lebanon; he is often spoken of as a possible Lebanese prime minister.

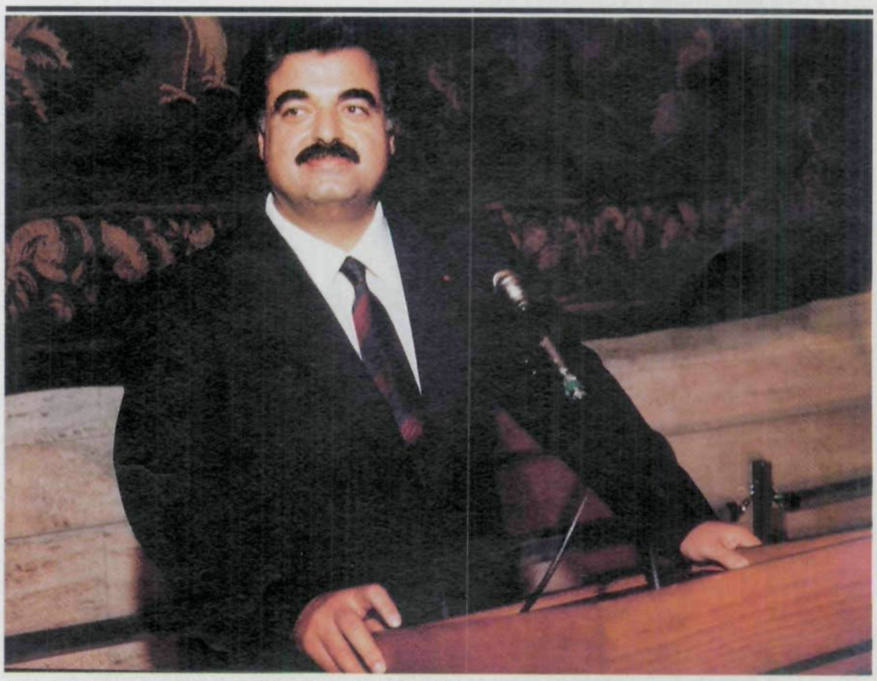
Citizen of the World

The Aga Khan IV

Net worth: well over $1 billion

The spiritual leader of 15 million Ismaili Muslims. His fortune is in the form of luxury hotels; 700 racehorses; an estate outside Paris; 7.5% of his friend Gianni Agnelli's holding company; a piece of Italy-based Meridiana, which wants to become a major European airline.

And he is the sole stockholder of Geneva-based Aga Khan Fund for Economic Development (reported assets, $450 million), which backs small enterprises in developing nations. "Development is ultimately about people," the Harvard-educated (class of '59) Aga Khan has explained, "about enabling them to participate fully in the process and to make informed choices and decisions on their future." Separately, the Aga Khan Foundation funds health, education and rural development projects in the Third World.



Construction magnate and philanthropist Rafik B. Hariri

Smart enough to be prime minister. But is he crazy enough?

Ranking foreign billionaire fortunes

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BIG COMPANY SMALL COMPANY

The New American Partnership

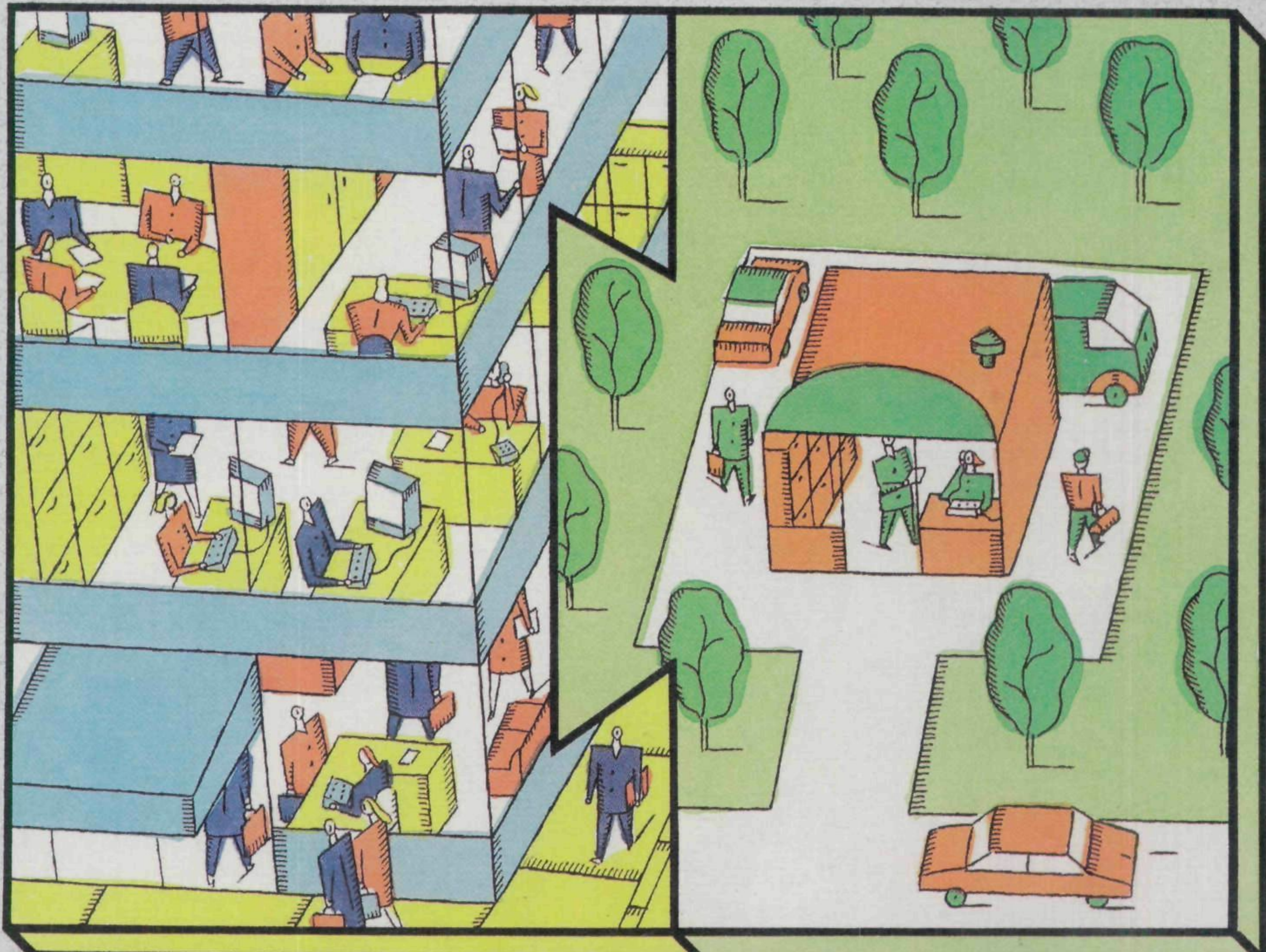


Illustration by Philippe Weisbecker

Partnerships between large and small companies have come of age. All types of businesses — technology, service, retail and distribution — are climbing on the partnership bandwagon in the belief that succeeding in today's complex global economy requires a team approach. Large companies look to small companies for innovative products and services, while small companies seek from larger ones financial resources and distribution depth. The matchups don't always work out, but increasingly, large and small companies are discovering that two plus two equals five.

By David E. Gumpert

The New World of Partnerships

Go back in history and you find a recurring theme over many centuries: Little guys and big guys don't get along. Beginning with David and Goliath and continuing to the early days of the rivalry between Apple and IBM, the story is much the same. The small guys have despised the big guys, and the big guys have tried to crush the small.

In today's new business climate, the theme is changing. The little guys and big guys of business have discovered each other. Perhaps the most dramatic example has been the transformation of Apple and IBM from arch rivals into partners.

These discoveries have led to formal big company/small company partnerships that go under an assortment of names — strategic alliances, joint ventures, R&D contracts, licensing arrangements, marketing agreements, cross-border partnerships and outsourcing. Whatever the terminology, the underlying theme is the same: Executives of both small and large companies are realizing that the whole is greater than the sum of its parts, and by combining their respective strengths, they can often accomplish much more.

Accelerating Trend

"Historically, big companies just acquired small companies or had a vendor relationship," says Robert Mast, a vice president of Venture Economics, a Newark, N.J., firm that tracks strategic alliances. "During the last few years, strategic alliances have become an accepted component of doing business."

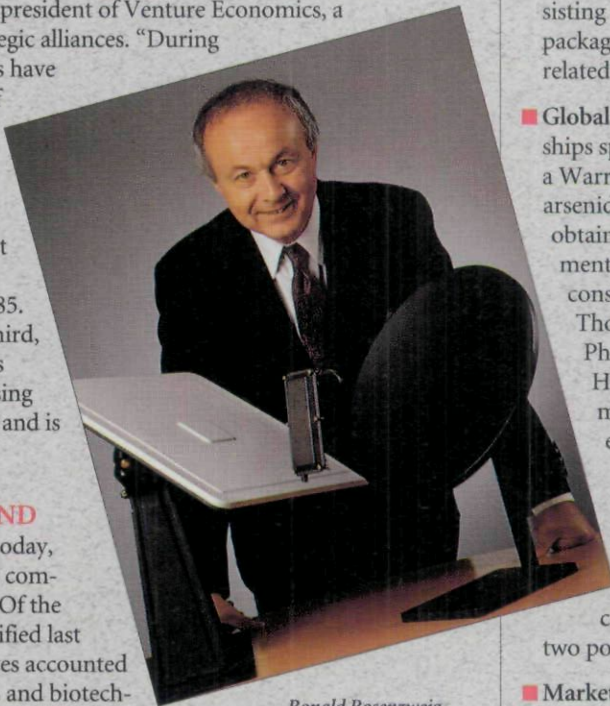
While no one knows exactly how many formal large company/small company agreements have been arranged in recent years, Venture Economics has tracked more than 13,000 since 1985. Of those, 5,034, or well over one-third, were arranged during 1991. Mast is convinced the number has been rising significantly over the last few years and is likely to accelerate.

Technology and Beyond

Everywhere in the business world today, partnerships have sprung up, most commonly in the world of technology. Of the alliances Venture Economics identified last year, computer software and services accounted for 13%, communications for 10% and biotechnology for 8%. The five corporations most active in negotiating alliances were all technology companies: IBM (136), AT&T (77), Hewlett-Packard (65), Digital Equipment Corp. (63) and Sun Microsystems (45).

But partnerships aren't limited to the technology sector. Companies in manufacturing, consumer products, publishing, transportation, food and retailing have all become involved in partnerships of one sort or another.

Whatever the industry, partnerships span the horizon in terms of the depth and type of commitment involved. Here are several of the most common approaches:



Ronald Rosenzweig, President of Anadigics Inc., a developer of gallium arsenide-based integrated circuits, obtained major investment commitments from Thomson CSF of France and Philips Electronics N.V. of Holland.

Michael Gaffney ©1992

- **Technology-transfer partnerships.** Partnerships between technology companies most commonly enable the companies to gain from each other's technology. For example, a computer hardware company can offer the software of its partner in some of the computer systems it sells. The software company in turn may gain an inside track for developing software for new computer models being introduced by the hardware company.

- **Investment partnerships.** Some involve major financial and equity commitments, like the one in which United Parcel Service of America acquired 9.5% of Mail Boxes Etc. of San Diego, a smaller firm, for $11.3 million. UPS immediately obtained special access to a retail system consisting of 1,300 Mail Boxes stores for package pickups, drop-offs and related services.

- **Global partnerships.** Some partnerships span the globe. Anadigics Inc., a Warren, N.J., developer of gallium arsenide-based integrated circuits, obtained major investment commitments from two large European consumer products companies — Thomson CSF of France and Philips Electronics N.V. of Holland. In exchange for investments exceeding $1 million each, the European companies obtained stock in Anadigics and access to its cutting-edge integrated circuits. Anadigics, in return, gained not only much-needed cash, but also an inside track to two potentially significant customers.

- **Marketing partnerships.** These arrangements may entail little or no cash changing hands, but provide new marketing opportunities for the companies involved. Fast-growing CareerTrack Inc. of Boulder, Colo., has arranged to show its self-help and training videos on some American Airlines flights, thereby gaining exposure to high-powered executives, while American obtains free entertainment.

■ **Supplier partnerships.** A few partnerships are simply very close customer-vendor relationships. National Steel Corp. of Pittsburgh outsources its mail-room sorting and handling to much smaller Ameriscribe Corp. of New York. Ameriscribe specializes in handling such tasks more cost-effectively than large corporations can themselves.

THE DOWNSIDE

The newly discovered common ground between small and large companies doesn't mean that everyone who negotiates a partnership can expect to live happily ever after. About two-thirds of all alliances end in failure.

"The real definition of success is whether an investment — whatever it is — returns at least the cost of capital or higher," says Thomas Doorley, a partner with Braxton Associates, a strategic planning arm of Deloitte & Touche, and co-author of *Teaming Up for the 90s*, a book about international joint ventures and strategic alliances. "Typically, the return should be at least 10%. From our analysis of 475 transactions, it looks like one in three return the cost of capital or higher."

Doorley suggests that executives who want to make partnerships work "should do as the winners do." We're just beginning to learn their approaches for success. In the new American partnerships, as in other areas of business, there is no sense re-inventing the wheel.

How Technology Drives Partnerships

Why have big company/small company partnerships come on so strong so quickly?

One of the underlying forces driving the move to partnerships appears to be technology. Partner companies that are geographically distant can easily stay in close contact using faxes, voice mail and computer networks. Engineering plans from Japan can be transmitted to be ready for designers arriving for work in the U.S. the same day. Laboratory results can be analyzed and discussed.

The technological connection works best with some planning, though. As much as possible, computer systems should be matched so that modems can be easily used and data change hands with a minimum of disruption. Voice mail equipment should be up to the requirements of large groups and easy accessing. By making the most of technological connections, partner companies can enhance the communications process.

What's in It for Me?

The Small Company Perspective

Fleet Call Inc. is a small company with a big idea.

Though its fiscal 1991 sales were $53.9 million, it expects to spend about $450 million to serve 600,000 customers with an alternative cellular communications network it will build in New York, Chicago, Los Angeles, San Francisco, Houston and Dallas over the next few years.

Where will Fleet Call get that kind of money? It decided last year to seek $300 million of it in a partnership with a major corporation for one very important reason, says Brian McAuley, president: "The banks have dried up as sources of revenue, and junk bonds are out of favor."

Fleet Call identified six corporations as potential partners. Four made formal proposals, and Fleet Call eventually selected Motorola. Not only was the giant electronics concern willing to come up with most of the $300 million Fleet Call sought, but also it arranged for Northern Telecom to put up the remainder as part of its role as a supplier. In addition, says McAuley, "We decided that Motorola had the technology, the capacity and the help in marketing via a direct sales force and dealer network."

The whole deal took two months to negotiate. As an added benefit, Fleet Call negotiated another $36 million in investment from Matsushita, the Japanese company, which will also become an equipment supplier.

MONEY, AND MORE

Fleet Call's experience is the stuff of which current small company dreams are made. With a credit crunch making financing difficult for many small companies to obtain, the vision of a large corporation supplying needed funds for a major project is very appealing. In addition, other benefits usually accrue to a small company hooked up with a major corporation: marketplace credibility, research assistance, marketing expertise and distribution outlets.

You don't have to explain this to Dennis Yablonsky, president of the Carnegie Group Inc., a Pittsburgh software company with more than $15 million in annual sales. The company has eight strategic alliances or joint ventures with such companies as Boeing, Digital Equipment, Ford Motor, Texas Instruments and US West.

The company has raised cash, and, says Yablonsky, "We get a much better deal than a venture capital firm would offer." In addition, "Relationships with blue-chip partners make us more credible in our other markets." The partner-

Brian McAuley, (right) president and CEO of Fleet Call Inc., compares a new, lighter-weight, longer-life battery for portable phones with Stan DeCosmo, (left) vice president at Motorola.

ships also "gave us a backlog — the blue chip companies committed to doing work with us provide a revenue stream."

Eager Partners

Executives of small companies are increasingly finding large companies eager to do business. Fleet Call's experience in getting four major corporations to submit proposals isn't unusual. Steven Snyder, chief operating officer of Software Partner/32 Inc., a small Topsfield, Mass., provider of specialized software for corporate data centers, says representatives of half a dozen large computer hardware companies have approached him since late last year. "They have come to realize that their hardware is pretty much the same," he says. "Customers can't differentiate among their products without the software solution."

Executives of smaller companies who approach large companies for services often find them eager to do more. When Ruth Owades began a business to sell cut flowers by direct mail in 1988, she approached Federal Express about handling deliveries. She was surprised when the giant corporation agreed to special rates, and to plug the new San Francisco-based company, Calyx & Corolla, into its computer system. The arrangement gives Calyx & Corolla a competitive edge by enabling the company to provide exact-day delivery. "Other direct-mail services say they'll ship as soon as possible, but don't guarantee a date," Owades notes.

Making Customer-Supplier Relationships More Rewarding

If you can help your customers improve their sales, chances are you will help yourself.

AT&T is finding that philosophy especially appropriate as it expands efforts to deepen relationships with users of its 800 service. For example, the company has recently done joint advertising and directory promotions with some of its customers in the gift, floral and home furnishings industries. "Developing specific 800 directories stimulates the use of these services," says Cedric Smith, AT&T's director of 800 services marketing. "That creates a win-win situation."

Specifically, through their relationship with 800-FLOWERS, a Long Island, N.Y.-based marketer of flowers, AT&T managers have gained important insights into the flower and gift industries. One such insight: Less than 10% of all florists have 800 numbers. Information like this helps AT&T develop and improve programs for small-business customers.

One unexpected benefit from this relationship is that AT&T and its employees can now gain access to a special service, offered by 800-FLOWERS, to purchase flowers at a discount. And 800-FLOWERS has tapped into AT&T's telemarketing division for help during peak periods.

Like Marriage

Small company executives are right to be interested in the many goodies large corporations can hand out. But small companies need to be careful as well. "Some small company executives are so happy to get the money and legitimacy that they often don't think past the first 100 days of a partnership," says Bernard Tenenbaum, a professor of entrepreneurial studies at Fairleigh Dickinson University.

Tenenbaum and others caution that, just as in real-life marriages, it's much easier to get into a partnership than it is to get out. Life after the papers are signed can be full of unpleasant surprises. Just ask Richard Worth, founder of R.W. Frookies, a small East Hampton, N.Y., maker of health-oriented cookies. In 1990, he negotiated an alliance with a large Belgian trading organization. The Belgian group would gain entrée into the food business, and Frookies would gain distribution in Europe.

Unfortunately, the Belgian group made some errors, according to Worth. Despite his urging the Belgian group to begin with small orders, it pushed cookies onto retailers' shelves in large quantities. Thus, even though the retailers did well compared with Frookies' previous sales figures, they were often disappointed

Ruth Owades, of San Francisco-based Calyx & Corolla, made a successful alliance with Federal Express.

because sales were typically only 50% or 60% of the quantity they had ordered. The Belgian group also didn't provide the kind of day-to-day supervision of distributors that Worth felt was necessary. Worth subsequently ended the alliance.

The real message here, say experts, is that executives of smaller companies should go into potential alliances with their eyes wide open. "Alliances can be great, but you pay a price," says Tenenbaum. "It's the same as when you obtain venture capital or a bank loan. You have to give something in order to get something."

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What's in It for Me?

The Big Company Perspective

Why would a company as huge and independently successful as IBM — with a long tradition of going it alone — aggressively seek out long-term relationships with young small companies?

For a simple reason, says Jack Kuehler, president of IBM: "Our customers were demanding services and products faster than we could provide them. Not even a company with IBM's resources can afford to go it alone."

Beginning with development of the personal computer in 1981, when it entered into partnerships with Intel, Microsoft, Computerland and others, IBM has become involved with dozens of small companies. "The list is a long one," says Kuehler. "It covers everything from joint development ventures to equity investments to product licensing."

From IBM's viewpoint, "We enter new markets faster by forming alliances with companies that already have a significant presence in markets where we do not," says Kuehler. "We avoid having to spend the time and effort duplicating the work of people who are already specialists in a particular area."

Large corporations in certain fast-growing industries like technology and pharmaceuticals seem to be racing to see who can put together the most effective alliances the most quickly. Says Jordan Lewis, a Washington, D.C., consultant and author of *Partnerships for Profit: Structuring and Managing Strategic Alliances*: "The winning advantage comes from an organization's ability to learn and apply new skills ahead of its opponents." Along with IBM and Compaq, Apple, Digital Equipment, Sun Microsystems and Hewlett-Packard have been extremely aggressive in putting alliances together.

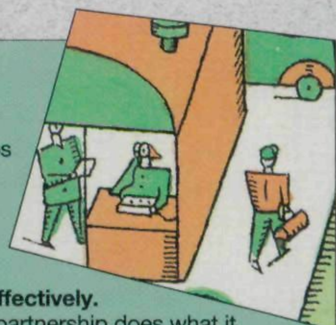
No wonder, then, that other large companies are joining in, from the U.S. and other countries as well. Lewis points to Kubota, Japan's long-established producer of agricultural machinery. During the 1980s, Kubota established alliances with a number of small Silicon Valley designers of computer chips and software. By 1988, Kubota had shipped its first mini-supercomputer, one of the most advanced in the world. "The point is that strategic alliances hold vast potential for reshaping firms and industries," says Lewis.

International Differences

According to Venture Economics, about two-thirds of the partnerships it recorded last year involved foreign companies. About one-third were foreign companies in partnership with American companies, and one-third were foreign companies in partnership with other foreign companies.

Other evidence suggests that Germany has found the partnership experience most natural. A 1991 *Harvard Business Review* survey found that German companies "regularly excel at the practice of partnering, with the Americans coming in a close second, and the Japanese a distant third." While 44% of German respondents to a survey always or often involve suppliers in new-product design, 38% of Americans do and only 20% of Japanese do.

Do As the Winners Do



As partnerships of one sort or another become the norm, what criteria should executives of large and small companies use to evaluate such activity? Experts offer the following suggestions:

1. **Evaluate potential partners carefully.** Consider as many candidates as possible. Sometimes the most obvious choice isn't the best one. It is also advisable to do what is known as "due diligence" on any company being seriously considered as a partner. This means investigating its financial and business practices. Ask its other partners how things have worked out.

2. **Assess possible benefits critically.** A partnership should enable each party to make or save money. It may be that a small company's technologically advanced new product will enable a large company to reap additional revenues by quickly adding to its product line.

3. **Balance the partnership.** Neither party in a partnership should be overly dependent on the other. Inequality most commonly occurs in vendor-supplier relationships in which a small company relies on a large one for too high a percentage of its revenues.

4. **Manage the partnership effectively.** Ideally, each company in a partnership does what it is best at with its existing management. The main exception is a joint venture, which requires a new management structure to oversee the venture and clear understandings about how the structure will operate.

5. **Strive for open and honest communication.** This is often the toughest challenge for managers accustomed to wariness in their dealings with suppliers, customers and other outsiders. Partners need to be open about sharing ideas for getting things accomplished, as well as concerns about possible problems. Moreover, there need to be designated individuals responsible for handling regular communication between the partners.

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Outsourcing Gains

In an increasing number of cases, the benefits of partnerships are measured in money saved rather than increased sales, mostly via outsourcing. One of the most popular areas for corporate outsourcing involves information systems—payroll, accounting, database management and other information management tasks. No one knows for sure exactly how much outsourcing is occurring, but according to Cathleen Benko, a consultant for Deloitte & Touche in San Francisco, a minimum of $5 billion worth is taking place each year.

Corporations are increasingly attracted to the idea, in large measure because computer technology is changing so rapidly. The icing on the cake, though, is usually the savings, says Benko. First, there is out-of-pocket savings of between 15% and 40%. Beyond that, a company's balance sheet changes: "You take all of those information assets and turn them into expenses, which can be deducted," she says.

No Guarantees

Just because a company is large and has a lot of resources doesn't mean that its partnerships will automatically succeed. "Experience seems to indicate that the closer one can get to the operating unit as the sponsor of a partnership, the more successful the outcome is likely to be," says Zenas Block, clinical professor of management at New York University's Stern School of Business and an expert on corporate joint ventures.

The Challenge: Meshing Different Cultures

Executives of small companies and of large companies have traditionally been on different wavelengths. Small-company officials are typically action-oriented, impatient to make decisions and eager to see them implemented. Corporate executives are typically more analytical. They are concerned with carefully assessing situations and, once they form an opinion, with mobilizing support from within the organization.

"Everyone needs to recognize and deal with cultural differences between the small company's entrepreneurial culture and the big company's institutional culture," says Gabor Garai, a lawyer with the New York-based firm of Milgrim Thomajan & Lee. Garai, who specializes in arranging strategic alliances, points out that a well-structured alliance "enables each party to maintain its culture and keep its own identity."

Decision-making Issues

Because of cultural issues, the partnership structure that is seemingly most obvious may not be the one that works best. Take the case of a joint venture between a small company and a large one. An equal division of ownership, 50-50, would seem to make the most sense, right?

That's what Robert Vukovich thought, too, when his small company, Roberts Pharmaceutical Corp. of Eatontown, N.J., established a joint venture with a large Austrian pharmaceutical company in 1987. His company had a product that needed further development, and the Austrian company put in $3 million of funding.

The joint venture, based in the U.S., has made important progress in developing a new drug for treating cancer and in that respect has been "very rewarding," says Vukovich. But because of the differences between his company's and the Austrian company's approach to making decisions, Vukovich says: "I have mixed feelings about a joint venture with 50-50 ownership. The reason is that you have a standoff about decision making. You wind up with compromises, which is not necessarily the way to go. One side or the other should have majority ownership so there is clear decision making."

Yablonsky of the Carnegie Group preaches tolerance when it comes to cultural issues. In describing his company's partnership with US West, the Denver-based regional telephone company, he observes: "We know our people will think that US West managers are slow to make decisions. We know their managers will complain that our people make decisions with too little data. But we don't allow badmouthing. They've gained an appreciation of what it's like to work in a small entrepreneurial company, and we've learned to respect their power of scale and their need for thoroughly researched decisions. The result: We like each other."

Networking for Partnerships

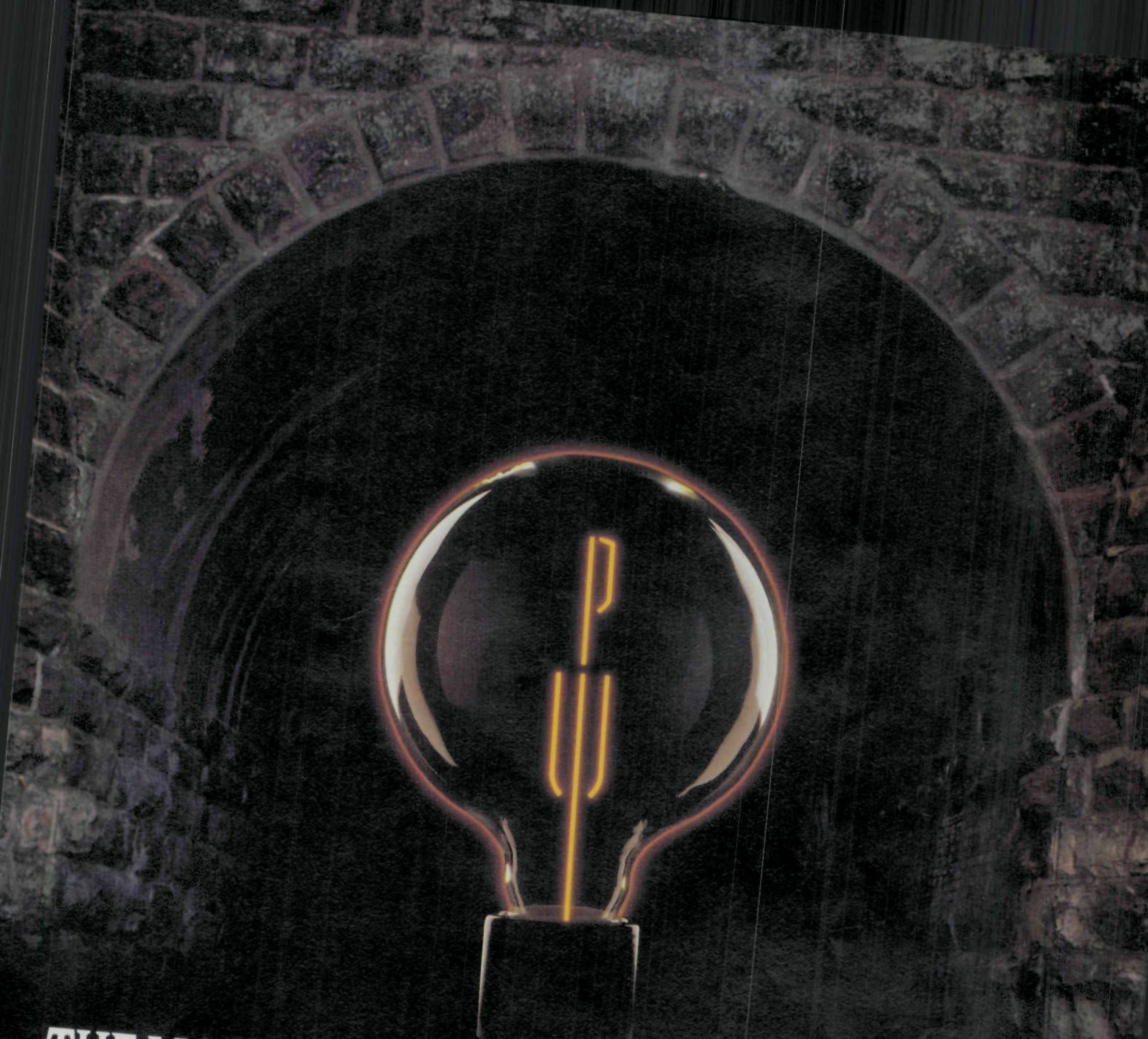
How large can a partnership get?

The Council of Growing Companies, a national business, education and networking organization sponsored by IBM and Price Waterhouse, likes to see itself as a harbinger in the big company/small company partnership arena.

With 14 chapters and 1,200 members around the country, "The Council is a perfect example of small company/big company partnerships," says Mark Reffner, a senior manager with Price Waterhouse and a national coordinator of the Council. "The leaders of growing companies have joined with IBM and Price Waterhouse to achieve the objectives they find most vital to their continued success." The Council's key objectives include sharing information, promoting the importance of entrepreneurial growth in the economy and providing a vehicle for linking public and private sector leaders.

The Council of Growing Companies includes CEOs with companies of 25 or more employees and/or at least $3 million of annual revenue. Several member companies have negotiated partnerships with large corporations.

For further information, write to Mark Reffner, The Council of Growing Companies, 1251 Avenue of the Americas, 34th Floor, New York, N.Y. 10020.



Two Views of a Partnership

Shown above in NYNEX's Cambridge office are Fluent, Inc. Chairman Dave Nelson (left) and NYNEX Vice President, Research and Development, Tom Super (right). NYNEX Executive Director Nathan Felde is seen on the video monitor from the company's White Plains lab, via the NYNEX Shuttle video link, which uses Fluent hardware and software.

Strategic alliances are often compared to marriage, where, it is said, opposites attract. If so, then the marriage, between NYNEX, the large telephone company serving the Northeast, and Fluent Inc., an upstart Framingham, Mass., developer of multimedia software, should continue to thrive.

For NYNEX, it was almost love at first sight. A venture capital firm that had invested in Fluent in 1989 alerted Reid Jecmen, NYNEX's director of technology investments, to the new company. "We had been looking for investment opportunities in multimedia beginning back in 1987," he recalls. "We looked at a lot of things, but none seemed to change the state of affairs of the industry."

Then Fluent walked through the door. "Their planned product development represented a significant advance over any available technology," Jecmen says. "It makes video messaging and video data as easy to work with as electronic mail."

The appeal of a partnership lay in the fact that, according to Jecmen, "We have expertise in communications networks and application areas. We don't have any expertise to deal with the innards of the computer, as Fluent does." Together with several venture capital firms, NYNEX invested an amount it won't disclose in exchange for just under 5% of Fluent.

From Fluent's perspective, says Richard Meise, president, the partnership was attractive for a different reason: "It's always nice to get investment funds." Of nearly $13 million in investment funds the company has raised, more than half has come from a handful of corporate partners including NYNEX, Intel and Olivetti.

There is more to the relationship for Fluent than money, however. NYNEX has expertise that enables Fluent to apply its software to large user networks. NYNEX also has facilities where the technology has been tested since last fall, when Fluent began delivering it. In addition, NYNEX has many customers — for the time when Fluent's product becomes commercially feasible.

For now, the two companies interact well. Small groups of engineers and technicians from each company visit the other monthly to exchange progress reports and monitor technology development.

"There is technology transfer and education in both directions," says Jecmen. "We share a vision of what the overall system should be. The collaboration has been productive for both of us."

Meise agrees: "We learn a lot by staying on top of their technology."

As for any downside, Meise sees only one issue: "We as a small company can move faster in the decision making process than they can." So far, the issue hasn't appreciably slowed the technology development effort. "We have an 18-month technology lead. By sharing, we'll keep it that way."

Capitalizing on Experience: The Creativity Factor

During the late 1970s and early 1980s, a handful of major corporations established venture groups to invest in smaller companies. The idea was less to form a true partnership than it was to gain a toehold in a small company with the long-term goal of eventually acquiring the company and making it a subsidiary of the corporation. Not surprisingly, executives of small companies didn't take well to being treated as future corporate employees, and most of these programs failed.

Many of today's partnerships have learned from the mistakes of those pioneering programs. Many corporations have sworn off the acquisition objective—at least as an initial goal—choosing instead to focus on sharing technology, market information and other key knowledge. As a consequence, corporate executives have become more creative, and demanding, in establishing criteria for getting involved with smaller companies.

Apple Loan Program

Some large companies with extensive experience in arranging partnerships try to build on their expertise in new ways. Apple Computer has quietly established a program to make loans of $100,000 to $1 million available to small companies selling software and hardware for use on Apple's computers.

Such companies often have difficulty obtaining bank loans. "We are a lender that understands the business they are in," says an Apple official. Apple requires submission of a business plan, and officials carefully screen applicants for creditworthiness.

During the last two years Apple has made millions in loans to well over 40 small companies. "We have written off only $20,000 worth of loans," the official says. "That's a much better record than most banks."

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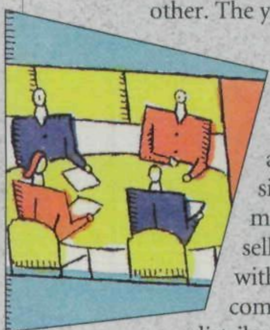
Unlikely Matches

Digital Equipment is even using expertise gained from arranging its own alliances to assist other companies in forming partnerships. It has established the International Business Development Services group to put small and large companies from around the world into partnerships.

"Our people represent a tremendous reservoir of information, capabilities, resources, contacts and knowledge about what it takes to be successful in a global economy," says Ahmed Asfour, a manager of the group. Digital executives based in nearly 200 countries have been tapped to aid in the company's consulting efforts.

According to Asfour, the best partnerships often occur between companies that aren't so obviously suited to each other. The year-old group already boasts a handful of successful alliances. In one case, the Digital group put a large American bank seeking information-related products together in a partnership with a German software company. In another situation, it partnered a large Austrian medical instruments company seeking to sell a new product in the American market with a small New York industrial laboratory company trying to become more active in distribution.



The company also sponsors a national networking organization of technology entrepreneurs, known as the Technology Executive Roundtable (TER). During the last three years, about a dozen alliances have grown out of relationships established by companies involved in TER — both with Digital and with other companies, estimates Joan Jacobs, Digital's program manager for the organization.

Additional Parties

Even universities are getting involved in negotiating partnerships. The American Graduate School of International Management, known as Thunderbird, is in the process of building a business office park on an 80-acre tract of its campus in Glendale, Ariz., with the express purpose of creating big company/small company partnerships. Already a major Asian publisher has committed itself to establishing a business office on campus.

"These partnerships will give businesses access to our high-quality students, our global research efforts, and a flow of information in many languages," says Roy Herberger, Thunderbird's president. "Our students will gain access to valuable real-world experiences, hopefully leading eventually to important career opportunities."

Other universities, like Northeastern University's College of Business Administration, have been actively recruiting businesses of all sizes to share resources. Northeastern has recruited 140 companies to be members of its "Associates Program," under which the companies provide revenues to support teaching and research and gain access to published research, faculty articles and special seminars.

Looking Ahead: Exploring New Opportunities

The move toward partnerships between small and large companies is no fad or flash in the pan, experts agree. Rather, it is part of a long-term re-making of business as we know it.

As partnerships increasingly become the norm, experts see a number of changes on the horizon:

- **More complex partnerships.** Alliances can be expected to grow larger and more complex in scope. For companies like IBM, Digital Equipment, Apple, General Motors and others with dozens of alliances scattered throughout the organization, simply managing them all is a significant challenge. Increasing numbers of smaller companies are finding themselves with half a dozen or more alliances — a similar challenge in scope.

- **More international partnerships.** Increasingly, partnerships know no geographic boundaries. Large companies in Europe and Japan seek out small companies in the U.S. as partners. The reverse is happening with greater regularity by American companies in Europe and Latin America.

- **More cooperation at all levels of business.** The alliance of IBM and Apple is only the most visible sign of cooperation among companies that had been antagonists. Increasingly, the lines of traditional relationships among businesses are blurring.

The Best Networking

Big company/small company partnerships might indeed be viewed as the ultimate form of networking. When they operate as planned, partnerships enable companies to share critical information, technical data, sales contacts and endless other sorts of knowledge. Such knowledge in turn enables companies to react more quickly to changes in the marketplace and to improve product or service quality.

The intense kind of networking that is an inherent part of the partnership process serves another function as well: It prevents companies from becoming too set in their ways. By being constantly exposed to the workings of other management styles, large and small companies alike are more inclined to question their own practices and incorporate fresh new ideas picked up from partners.

In the long run, then, companies that are able to make partnerships work multiply their opportunities for success many times over. ◆

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