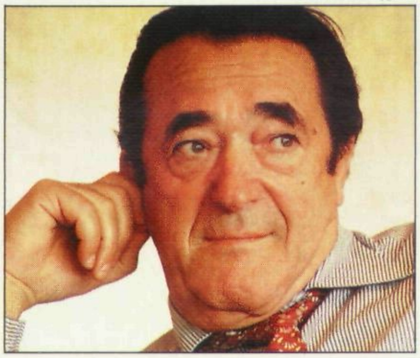
UNITED KINGDOM

ROBERT MAXWELL
Now, Make $3 Billion $5 Billion

Robert Maxwell insists that Maxwell Communication Corp. will become one of the world's top ten media empires and have sales of at least $5 billion by the end of 1990. He is in the top ten by some counts. But even after his recent acquisitions of Macmillan

Derek Hudson/Sygma



Robert Maxwell

Publishing Co. Inc. (for $2.6 billion) and of Dun & Bradstreet's Official Airline Guides ($750 million), Maxwell Communication figures that net of disposals, revenues will come to just over $3 billion—Maxwell is selling some assets to reduce debt.

Although he was constantly in the public prints, 1989 does not shape up as a perfect year for the Czechoslovakia-born British billionaire. He has so far failed to launch his much-publicized pan-European, English-language newspaper. "English," he says, "is not yet the lingua franca of Europe." He adds that Berlitz, the language teaching and translation business that came with Macmillan, was "one of the reasons we bought Macmillan."

Seems Maxwell's attention is shifting to the non-English-speaking world, as he strives to build his planned global media giant. He says he is currently negotiating partnerships in Japan, Italy and Germany; this spring he tried, unsuccessfully, to buy the *Jerusalem Post.* Maxwell says he intends to invest up to $150 million in Eastern Europe. "My successors in the next century will be grateful that we have taken certain positions in those countries," he says.

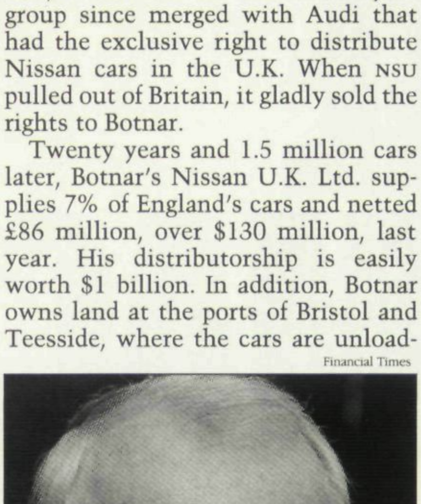
Successors? Is Maxwell, now 66, thinking of selling out? "Maxwell is 52% owned by the Maxwell Foundation and myself," he snaps. "We will necessarily be the surviving partner."—**Katarzyna Wandycz**

OCTAV BOTNAR
Life Begins at 51

★ Japanese cars have elevated this Briton of Eastern European extraction to billionaire status for the first time this year. Botnar was a late starter but a quick riser. He arrived in England in 1966, age 51. He was an employee of NSU, a German car and motorcycle group since merged with Audi that had the exclusive right to distribute Nissan cars in the U.K. When NSU pulled out of Britain, it gladly sold the rights to Botnar.

Twenty years and 1.5 million cars later, Botnar's Nissan U.K. Ltd. supplies 7% of England's cars and netted £86 million, over $130 million, last year. His distributorship is easily worth $1 billion. In addition, Botnar owns land at the ports of Bristol and Teesside, where the cars are unloaded; the trucks to haul the cars; 200 of the U.K.'s 400 Nissan outlets; and the finance subsidiary, which is bigger than England's Ford Motor Credit. So airtight are Botnar's distribution rights that even Japanese Nissan executives at the plant must lease their company cars from him.

Financial Times



Octav Botnar

By all accounts, Botnar is a fierce autocrat who pays his employees highly. Still very active inside his company, he maintains a low profile outside it. He lives mostly in his house near company headquarters in Worthing, about 55 miles south of London, and keeps homes in London, Lausanne, and on the Costa Brava in Spain. His interests include military history, classical music and gardening. A charity named for Camelia Botnar, the 14-year-old daughter he lost in a car accident, teaches inner-city children about agriculture.

With no apparent heir, what will happen to the company after Botnar, who is now 74? Replied one employee: "He works a full day now, and we're a long way from worrying about that."—**Philip Glouchevitch**

DAVID SAINSBURY
Taking Charge

Most British retailers have fared poorly when they ventured overseas. But J. Sainsbury Plc., Britain's leading (1989 sales, $9.2 billion) grocery store chain, has decided to have a go anyway. By July 1987, Sainsbury completed its acquisition of Shaw's Supermarkets Inc. (1988 sales, $1.4 billion). Based in East Bridgewater, Mass., Shaw's has 61 stores throughout New England.

At home in Britain, there are 400 Sainsbury's stores selling groceries, do-it-yourself and household goods. Now in England and Wales, Sainsbury's next move will likely be Scotland. As 1992 draws near, European companies will be vying for position in markets across Europe. French and German supermarket and hypermarket chains are even bigger than Sainsbury's, and get by on margins of 1% or less—about one-third the level of Sainsbury's net margins. Should the continental food chains move into the

Topham/The Image Works

David Sainsbury

British market, Sainsbury's would probably be forced to cut prices—a form of competition to which Sainsbury's (and other British grocers) are unaccustomed. Much depends on how David Sainsbury, 49, the current deputy chairman, handles the transition. But with his father and uncle as company presidents, and his cousin, Lord Sainsbury of Preston Candover, as chairman, the $3 billion family stake is safe.—**Katarzyna Wandycz**

GERALD CAVENDISH GROSVENOR
Westward Ho!

Descended from William the Conqueror, Gerald Cavendish Grosvenor—sixth Duke of Westminster—oversees his family's $3-billion-plus real estate portfolio. The holdings have been concentrated in buildings in London's Mayfair and Belgravia, and in English and Scottish agricultural land. Lately, the duke, 37, has been increasing his overseas exposure. These investments are made through his Vancouver-based international affiliate, Grosvenor International Holdings Ltd. GIH owns over 70 prime commercial properties outside Britain, primarily in English-speaking countries. It invests through some 30 development and investment partnerships and co-ownerships, mainly with U.K. pension funds as well as Teachers Insurance & Annuity Association in New York.

GIH has invested heavily in the U.S. and Australia, but its preferred city, reports Vice President David Fitzgerald, is Vancouver—"Canada's biggest warm-water port," he says. With thousands of well-heeled Hong Kong Chinese pouring in—including billionaire Li Ka-shing, whose consortium won a bid to develop the 200-acre Expo site—the city is booming. GIH has 24 buildings there, and plans to build more.—**Katarzyna Wandycz**

Homer Sykes/Camera Press

Gerald Cavendish Grosvenor

LORD VESTEY AND EDMUND
National Butcher

Half the butcher shops in England have closed in the last 20 years and a quarter of the rest are expected to close soon, victims of the spread of the supermarket. Bucking the trend is J.H. Dewhurst Ltd., the Vestey Group's 1,400-outlet butcher shop chain—one of England's only remaining national retail butchers. Dewhurst has been installing ovens to prepare cooked meats in its stores. Colin Cullimore, who runs Dewhurst for the close-knit Vestey clan, has reportedly vowed to double Dewhurst's turnover and market share over the next seven years. If he can pull it off, the Vesteys, already worth at least $2 billion, will be richer still.

And their meatpacking plants will have an even larger captive market. The Vesteys also own Union International Plc. (annual turnover, $1.8 billion), which operates major meatpacking plants in Britain; these supply Dewhurst shops as well as the newly popular supermarket meat counters. There are cattle ranches and meatpacking and processing operations, as well as assets in countries on five continents.

Topham/The Image Works

Lord Vestey and Edmund Vestey

The Vestey meat empire, about 100 years old, is run tightly by Lord Vestey (Samuel), 48, and his cousin Edmund, 57.—**Katarzyna Wandycz**

SIR JOHN MOORES
Waiting Out The Cycle

At 93, Sir John Moores is surrounded by speculation that he might take his Littlewoods Organisation Plc. public, so as to facilitate the handling of his estate. A public offering of the soccer pools operator and retail chain was, in fact, rumored last year. But then interest rates climbed and retail sales dropped, and the public offering never happened.

From a financial standpoint, Sir John can certainly afford to wait out the cycle. Selling mainly moderately priced apparel and household goods, the Littlewoods retail chain grossed over $918 million last year—though fierce competition this year will probably cut margins sharply. So far, net margins at Littlewoods' huge home shopping business are holding up nicely at around 6%. Then there's Moores' near monopoly in Littlewoods Pools (a British football betting concern), which he founded in 1923 as his first and most recession-proof business. Understandably, Moores does not want to sell off a life's work in an unsympathetic stock market.—**Katarzyna Wandycz**

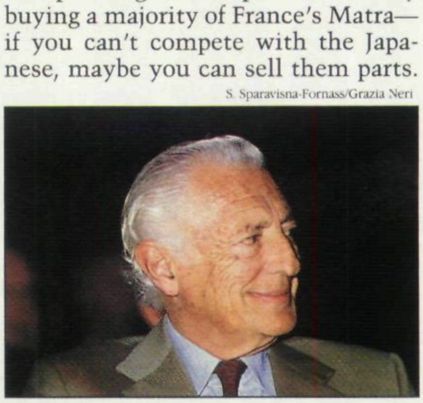
ITALY

AGNELLI FAMILY
Arrivederci, Vittorio

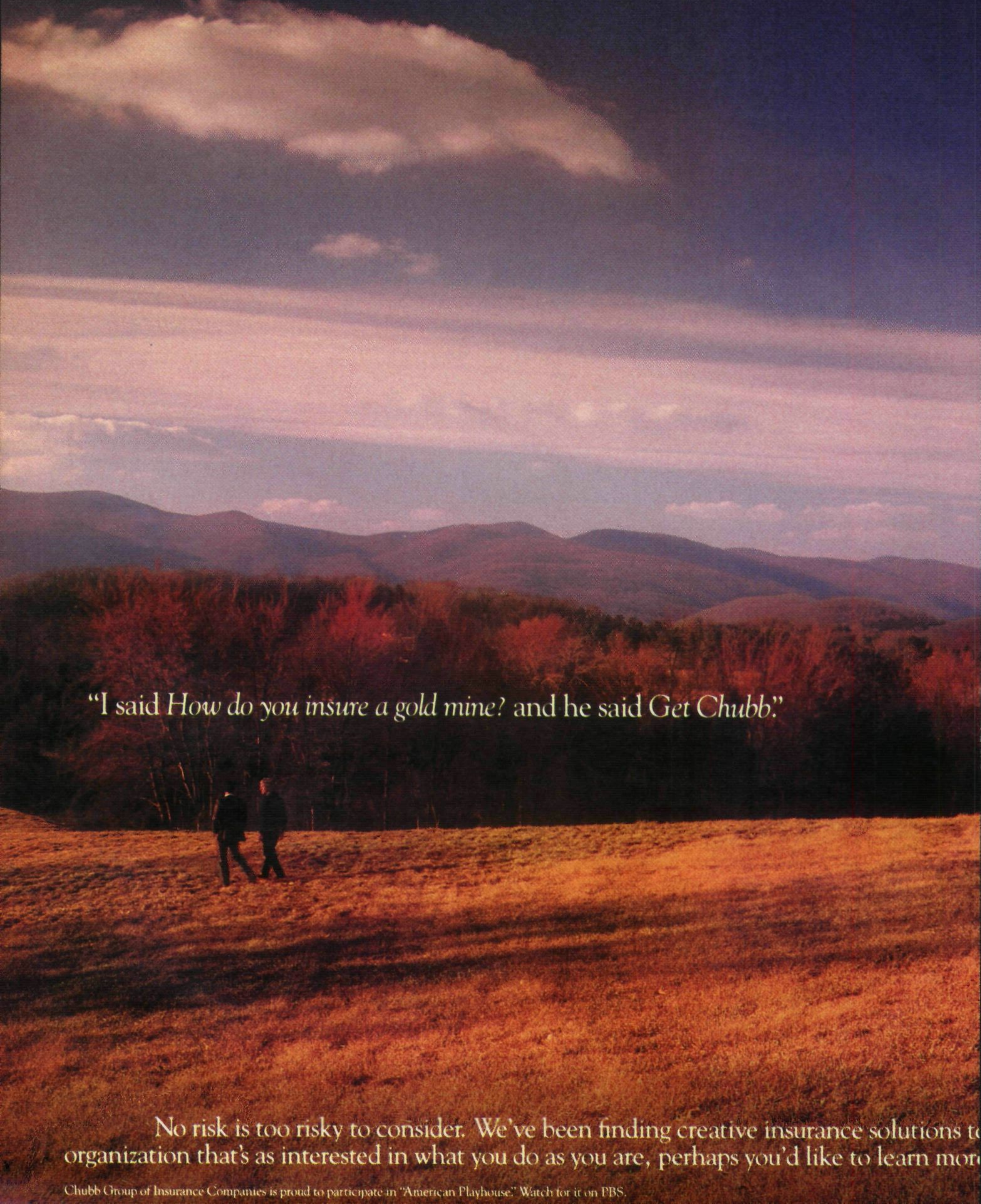
With their wealth now estimated at around $3.7 billion, the Agnellis are strengthening their diversified activities. It is a logical decision: Their Fiat Auto has about 15% of the Common Market's auto sales (and 60% of the Italian market), but Japanese carmakers are building plants in Europe in preparation for 1992. In the face of this new competition, patriarch Giovanni Agnelli reigns over a company, Fiat SpA, that makes everything from pacemakers to airplane engines.

Recently, Fiatimpresit agreed to buy Italy's Cogefar to become one of Europe's largest civil engineering and construction firms. Another subsidiary, Maretti Marelli, became one of Europe's largest auto parts makers by buying a majority of France's Matra—if you can't compete with the Japanese, maybe you can sell them parts.

S. Sparavisna-Fornass/Grazia Neri



Giovanni Agnelli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And, in February, Fiat listed its ADRS on the New York Stock Exchange; this could prove especially useful in financing U.S. deals.

Fiat SpA still gets over half its sales and operating profits from Fiat Auto, the automotive subsidiary. But non-auto operations will probably soon equal Fiat Auto's operations. This is the more likely given the surprise departure last November of Vittorio Ghidella, Fiat Auto's brilliant managing director, who masterminded Fiat Auto's recovery in the 1980s. Agnelli-watchers interpreted this as a sign that the family would shift future investments from the auto industry to elsewhere.—**Katherine Weisman**

BENETTON FAMILY
United Markets Of Benetton

With 700 little Benetton sweater shops now licensed in the U.S., and with Benetton Group SpA stock recently listed on the NYSE (Tokyo next year), do they finally know what they're doing in America?

Yes, says Frank Garcia, a hard-

The Benettons

nosed lifelong retailer who's holding on to his 23 Benetton licenses in Florida. Benetton had made mistakes, Frank allows. Too many inexperienced licensees along with company high-handedness drew many complaints and lawsuits. The FTC is investigating. Garcia himself laughs—now—at getting his Christmas shipment after Christmas, and finding too many woolen goods, which don't sell in sunny Florida. But Garcia says Benetton has been listening to the experienced retailers: "I'll be able to buy fall colors in cotton."

The Benettons' education has been expensive. In 1988 earnings were flat, while other Italian public companies averaged 20% gains. Hoare Govett analyst Francesca Lolli says Benetton's market has peaked: Younger shoppers are decreasing in number. Older shoppers? "People between 25 and 35 wear casual clothes only on weekends, if they are lucky." So Benetton shoes, underwear, perfume, even home furnishings, are now available at Benetton stores.

The four Benetton siblings parlayed a genius for color, design and a network of small shops into a global phenomenon worth $1 billion. They expect their diversification into financial services (through the family holding company, Edizione) to reach the break-even point this year. And there's the newly acquired Nordica, the ski-boot maker, with 26% market share worldwide, which could let Benetton add fashion-plate skiwear and accessories to go along with the boots. Synergy city. Now you can throw on a sweater, go skiing and be insured all by the same family.—**Katherine Weisman**

"The good drawing room"

Few big deals happen at the top of Italian business without the approval—if not participation—of Italy's premier investment bank, Mediobanca. "Mediobanca has some very powerful friends who are part of a very powerful group," says S.G. Warburg's Tim Orchard. "It's a roll call of who's who in corporate Italy." With all the ongoing merger and acquisition activity in anticipation of 1992, Mediobanca's profile in the rest of Europe and in the U.S. is certain to rise.

Mediobanca's board of directors includes billionaires Giovanni Agnelli, Raul Gardini and Salvatore Ligresti, among others. The traditional director from outside Italy, sent by Lazard Frères & Cie., is Lazard partner Antoine Bernheim.

This commercial power center was established in 1946 by the three state-controlled commercial banks because Italian banking law barred commercial banks from lending medium- and long-term, and from underwriting securities. Enrico Cuccia, now 81, who has headed Mediobanca since its founding, courted the likes of Agnelli, and created what Italians call *Il Salotto Buono*—literally, "the good drawing room." Under Cuccia's careful eye, Italy's corporate elite could quietly meet. Cuccia's present title is "honorary chairman," but few deals are done without his involvement.

Headquartered in Milan, Mediobanca works strictly with Italy's biggest companies. It arranged the merger between Montecatini and Edison—to become Montedison *(see Gardini)*—in 1966. It was responsible for introducing Cesare Romiti to Fiat *(see Agnelli),* which led to that company's dramatic turnaround after 1980. Like any merchant bank worthy of the name, Mediobanca often takes principal positions itself, and may supply management as well; its backing of and participation in a deal is considered the ultimate stamp of approval.

Today, Mediobanca's assets exceed $7 billion, including $2 billion worth of stock in Italian blue-chip companies, including Fiat, Montedison, Pirelli and Olivetti. And the corporations have acquired pieces of the bank: The state-owned banks kept a controlling 50% until November 1988, when they cut back to 25%.

For all its power and glory, Mediobanca faces a challenging future. Last month Cuccia was indicted with other officers for falsifying financial statements. He has pled innocent; a trial has not yet been scheduled.

More worrying, other investment banks are now active in Italy. These banks—they include Euromobiliare, SIGE and Akros Finanziaria—know they cannot play on Mediobanca's turf. One competitor even fretted to FORBES, "It's difficult to talk about Mediobanca without having some [unpleasant] side effects." But these firms can and do increase their market share by concentrating on Italy's smaller firms.

With 1992 coming, it is likely that foreign investment banks will try to expand their Italian business. But so far Mediobanca doesn't face much foreign competition. Explains a London-based Salomon Brothers spokesman: "It's much easier in Italy to do business as an Italian. Companies are usually family-owned and there are regional customs." And Mediobanca probably won't stray on its own outside Italy.

But as Fiat, Olivetti, Montedison and other established Mediobanca clients continue to expand globally, or if big foreign firms want into Italy, Mediobanca will have to oblige. A new age is dawning, and Mediobanca's Cuccia will have to step nimbly.—**Katherine Weisman** ews

ay 17, 1989

Citation III Buyers Get Free Parts, Free Labor, Free Maintenance For Four Full Years.

WICHITA, KANSAS — Cessna Aircraft Company has announced an unprecedented no-cost maintenance program for customers who purchase a Citation III business jet before December 31, 1989.

Called the Total Confidence Contract, the guarantee covers the cost of all maintenance performed on a Citation III during the first four years or 2,400 flight hours. Engine and auxiliary power unit repairs are excluded.

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For more information, write Roy Norris, Vice President; Cessna Aircraft Company; Box 7706; Wichita, KS 67277. Or call 1-800-4-CESSNA.

*If 2,400 hours are flown in less than 4 years, an hourly charge will be assessed for the additional flight time until 4 years is reached. Or you may withdraw from the program at that point.

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SALVATORE LIGRESTI
Established

Ligresti has come a long way from his humble Sicilian roots. Through his Milan-based holding company, Premafin, the Ligresti Group controls construction, real estate development, hotels, hospitals, even fine china. Ligresti's Grassetto SpA is a huge construction firm founded in 1902 that has built everything from massive public works and public housing to the luxurious complexes at the Aga Khan's Costa Smeralda resort in Sardinia. Recently, it won the contract for Bologna's new airport. Privately owned and publicly traded, Autostrada Torino-Milano is the main highway between these northern industrial cities; Ligresti owns 50% of the toll road. Then there's SAI, the big insurance company he turned around from

Sergio Ferraris/Marka

Salvatore Ligresti

near-bankruptcy. And looking toward 1992, SAI has formed a partnership with France's big state-owned GAN. On top of all this, Ligresti, 57, has made a fortune in real estate.

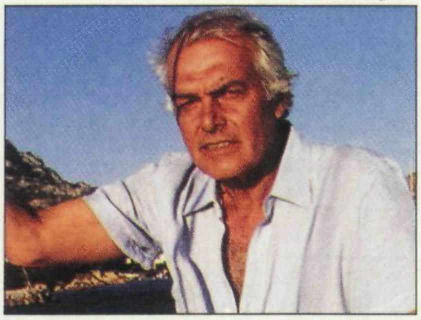
A few months ago Ligresti drew a 22-month prison sentence for obtaining a building permit through influence peddling. The sentence is currently under appeal. Meanwhile, Ligresti sits on the board of ultraestablishment Mediobanca, and is preparing to take his Premafin holding company public on the Milan stock exchange this fall.

Estimated net worth around $1.1 billion.—**Katherine Weisman**

FERRUZZI FAMILY
The First Farmer In Europe

When last we wrote about Raul Gardini, he was restructuring his family-owned Gruppo Ferruzzi, tearing apart Montedison, the giant conglomerate it controls, and sowing dismay on the Milan stock exchange. In effect, he asked Montedison stockholders to pony up for a subsidiary they figured they already owned and to buy shares in an unknown entity. Even with Mediobanca at his side, the vaguely pre-

F. Scianna/Magnum



Raul Gardini

sented plan was mistrusted.

Now the dust has settled. The unknown entity, Ferruzzi Finanziaria (Ferfin), the family holding company, is itself listed in Milan. The subsidiary, Iniziativa ME.T.A., formerly a publicly quoted financial services and retailing concern, went to Ferfin. A ME.T.A. subsidiary, the Standa retail chain, was sold for $650 million to TV magnate Silvio Berlusconi. The Ferfin stock offering went off well, and its shares are up 9% since September.

Montedison is again a pure chemical firm, its former $6 billion debt much reduced, and has formed a joint venture with state-owned ENI, in which they will combine most of their assets and rationalize them, creating Enimont, the ninth-largest chemical company in the world, the better to deal with 1992. The agreement gives Montedison the option to gain control of Enimont by 1992; Gardini says he intends to exercise it.

With all this, it's easy to forget Gardini is not nicknamed Il Contadino—the farmer—for nothing. Agro-industry is the family's roots: He is a son-in-law of the late Serafino Ferruzzi, who built a big, secretive empire out of the ruins and shortages of postwar Italy, and ran it until his death in a plane crash in 1979, whereupon Gardini, now 56, became undisputed family head.

According to Kleinwort Benson's Enrico Ponzone, "In Europe, they are number one [in agriculture], which brings them huge bargaining power in Brussels." Having acquired the U.S.' Central Soya in 1987, and 58% of France's Behgin-Say sugar company, Gardini clearly means to stay that way.—**Katherine Weisman**

MICHELE FERRERO AND FAMILY
How Sweet It Is

Ferrero SpA, the worldwide confectioner, has been improving on its product lines ever since Pietro Ferrero, Michele's father, founded the company in 1946. Michele, 64, who took over in the 1950s, now has a powerhouse competing successfully against giants Cadbury, Nestlé and Mars. It all began when Pietro stretched chocolate candies with hazelnuts because chocolate was scarce in postwar Italy and he was up to his belt in hazelnuts.

A current smash in Europe is Ferrero Rocher, a round concoction of hazelnut, wafer and creamy chocolate. It sells in the U.S., too, where a 1½-inch diameter piece is about 30 cents. Rocher and Mon Cheri, another one of their "change makers"—so-called because they are impulse items at the

Olympia

Michele Ferrero

cash register—avoid the heavyweight competitors' strong suit in traditional candy bars. Instead, they play to impulsive folks who need some reassurance. The small size, it seems, relieves the guilt that comes with bigger bars of quality chocolate.

Ferrero's packaging, too, is highly praised by the industry. Consider Tic Tac breath mints, a bestseller in the U.S., in the clever box. And it takes a day to properly build up the tiny Tic Tac drops at the factory—typical of Ferrero's attention to quality.

These, other specialty chocolates, soft drinks and confectionery products add up to a company with worldwide sales exceeding $1.5 billion. The family owns all of the outfit, which has an estimated value of $1 billion, and that's probably low. As one observer said: "They have some 10% of the European confectionery market. Many companies would pay dearly to win that share in such a lucrative business."—**Katherine Weisman**

SILVIO BERLUSCONI
Perpetual Motion

Television and advertising remain Berlusconi's main business, and that's saying a lot. Each of his three Italian networks—Canale 5, Italia 1 and Retequattro—transmits 18 hours of programming a day. Berlusconi's advertising company, Publitalia '80, sells

Ted Standish has a bear of a job.

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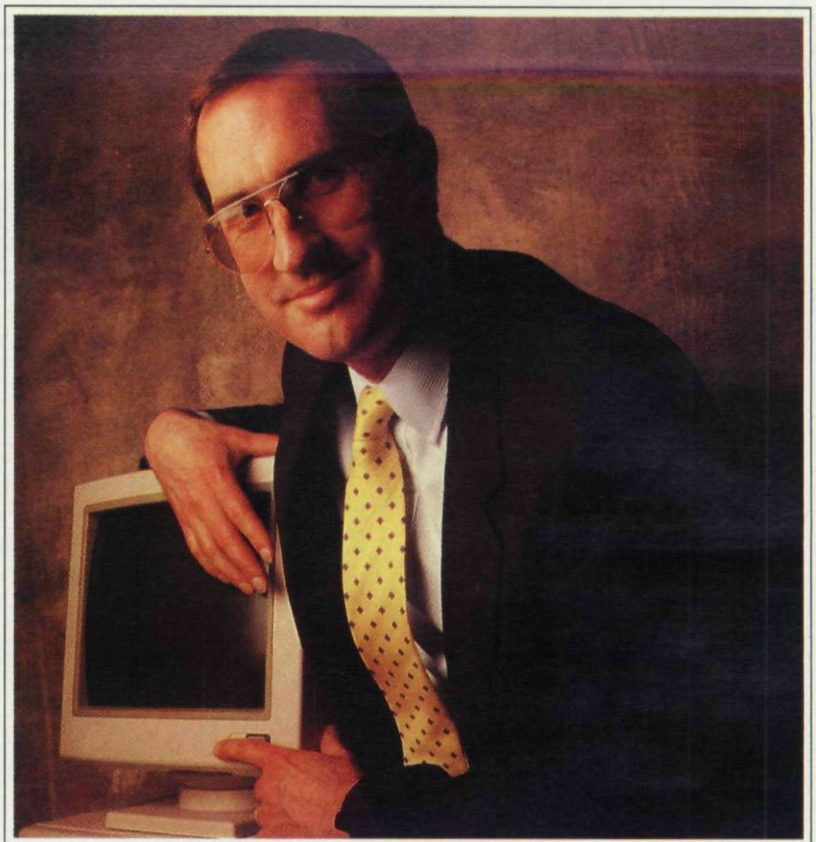

Ted Standish, Director of Information Resources, North Atlantic Shaving Group of The Gillette Company.

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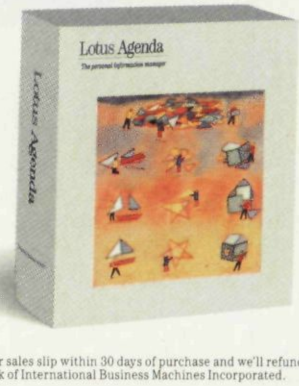

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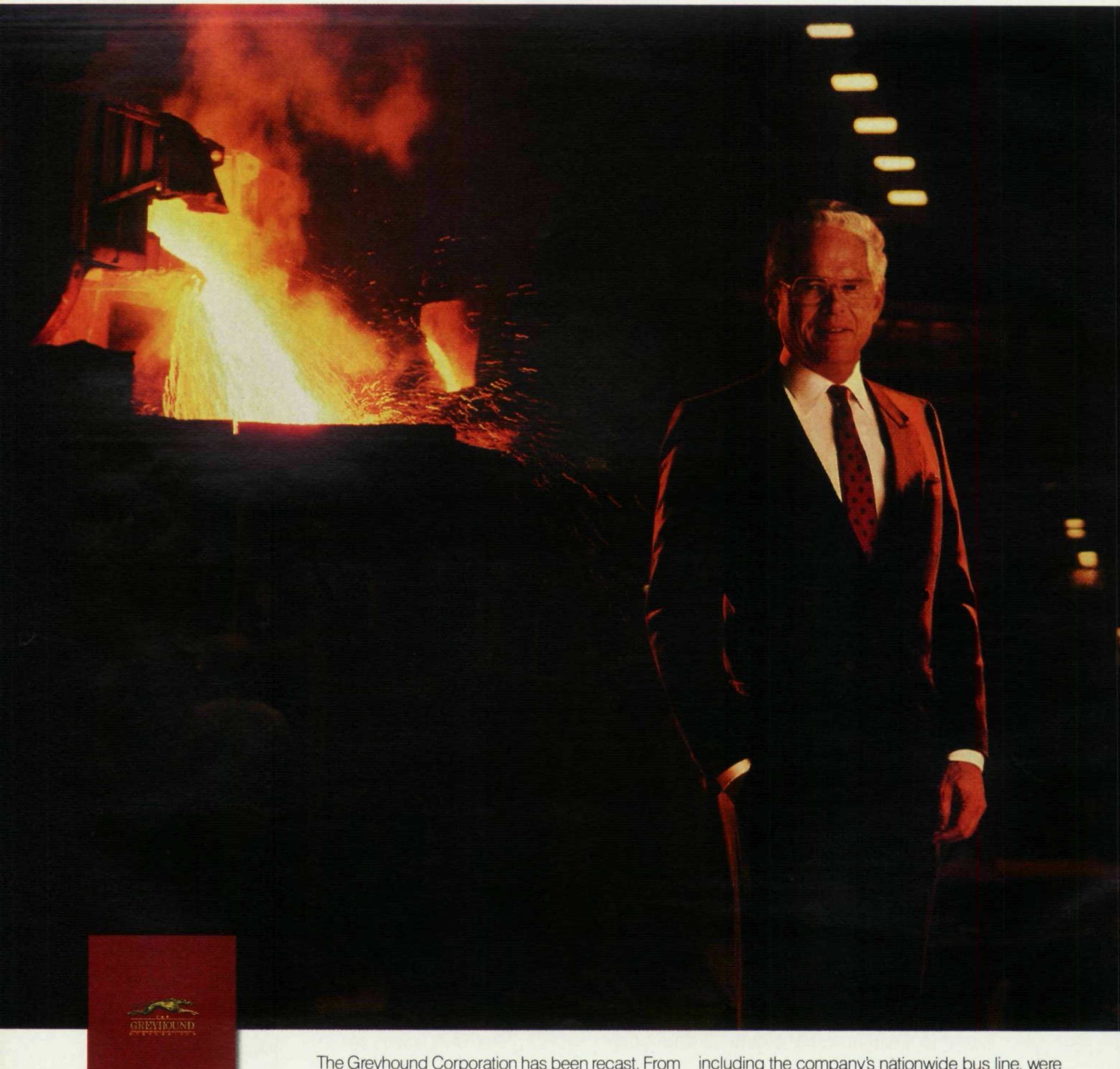
“Management must guide the forces of change...”

— John W. Teets, Chairman



For a copy of Greyhound's latest annual report, write to Public Relations, 1618 Greyhound Tower, Phoenix, Arizona 85077.

The Greyhound Corporation has been recast. From the crucible of change has emerged a new Greyhound, tempered for strength and reshaped for the future.

The job of management always has been to see the company not as it is, but as it can grow to be. The new Greyhound is the result of this vision, built through a five-year restructuring program.

Hard choices were faced; tough decisions were made. Subsidiaries with annual sales of $3 billion, including the company's nationwide bus line, were divested. At the same time, new businesses with excellent growth and profit potential were established or acquired.

For example, Purex household and laundry products were added to the personal care and packaged foods brands of Greyhound's Dial Corporation. Premier Cruise Lines, the official cruise line of Walt Disney World, was launched. Dobbs food service for air

travelers was acquired, complementing Greyhound's existing airport and food service businesses. General Motors' RTS transit bus manufacturing and parts operation was purchased to expand Greyhound's top-ranked intercity coach-building business.

Today, Greyhound's four business segments — consumer products, services, transportation manufacturing and financial — produce revenues at a $3 billion annual rate.

With the restructuring of Greyhound's core businesses completed, management is concentrating on further improvement of operating returns. Change is inevitable, and management must guide the forces of change to create value for shareholders.

At Greyhound, we believe in renewing the company day by day.

The Greyhound Corporation

Oendamo/Grazia Neri

Silvio Berlusconi

the ad time. Fininvest's formula: Pay top dollar for top shows like *Dallas* and *Cosby*, attract big audiences, and so get top dollar for ads.

Some think Italian viewers have all the programming they can stand. Berlusconi thinks otherwise. His buyer at the June screenings in Los Angeles was buying not only conventional broadcasting rights to film properties and TV series but pay TV rights as well. (Pay TV is showing promise in Italy.)

With 1992 near, Berlusconi, 53, has a 3.9% stake in TF-1, the network with 40% of France's TV audience, and 2% in the French company that controls TF-1. He has a stake in La Cinq, France's third-ranked network. In West Germany he has a stake in Tele Fünf, the country's newest and smallest of three private channels. And a 25% stake in Spain in a consortium's bid for one of three channels to be licensed by the government. "He has the capital, and he's got broadcasting experience," says James McNamara, executive vice president of New World International.

TV isn't enough. In July 1988 Berlusconi bought 73% of La Standa, a department store chain, for $650 million *(see Ferruzzi)*. A source close to Berlusconi explains, "Standa was a way to diversify." Publitalia continues selling ad time on Soviet TV. Berlusconi wanted a similar agreement with China, but that was before the upheavals. And, for fun, Berlusconi's soccer team, Milan A.C., won the prized Coppa di Campioni in May.

Will Berlusconi keep moving? Do birds sing in the morning? Stay tuned.—**Katherine Weisman**

GERMANY

ERIVAN HAUB
Problem Solver

The sole owner of Europe's largest supermarket chain (worth at least $2.9 billion) is a man who makes fast, dramatic decisions. When infighting broke out last July between a long-time, high-level Tengelmann Group manager and a lower-level manager, Erivan Haub fired both.

Arbitrary? More likely, a talent for solving complicated problems with simple, decisive solutions. Take A&P supermarkets, 52% of which Haub picked up for $7 a share in 1979. The stock is now around $55, thanks in good part to James Wood, formerly of Grand Union, whom Haub picked—and then gave full powers—to turn the ailing chain around. The turnaround is so successful that A&P has recently taken over ailing Borman's Inc., with 80 Farmer Jack stores in the Detroit area, and is bidding for Britain's Gateway supermarket chain.

Wolf Prange

Erivan Haub

That the impatient Haub is expanding vigorously is understandable considering the frustrations he faces at home. In Germany Haub had to get approval from the government cartel office before he could take over the relatively small Schworer chain near Stuttgart this spring. Then there's the *Baunützungsverordnung*, a zoning law restricting the size of new suburban supermarkets. And the *Ladenschlussgesetz*, which requires stores to close by 6:30 p.m. weekdays. And the necessary respects to Germany's surging Greens: no fish from Iceland, to save the whales, *bitte;* no phosphate detergents, chlorofluorocarbon spray cans or toxic-laden batteries, *bitte.*

This very German billionaire made sure his three sons were born in the U.S. That means they are American citizens.—**Philip Glouchevitch**

MOHN FAMILY
Doubleday Wasn't Enough

Beware: The media giant may soon be hungry again. Bertelsmann (1988 sales, $6.4 billion) established itself as a world player by taking over RCA Records and Doubleday in 1986. A subsidiary, Grüner & Jahr, is still

Tschauner-DPA/Photoreporters

Reinhard Mohn

searching for publications in the U.S., where it already owns *Parents* and *YM* magazines.

Ownership of Bertelsmann, founded by Carl Bertelsmann in 1835 to publish religious materials, and now a global book and magazine publisher and electronic media company, is largely in the hands of the Mohn family, although some stock is being shared with employees.

Reinhard Mohn, 69, is the patriarch of this $3.6 billion family fortune. He has transferred a majority of the share capital to his son Johannes, the sixth generation, while his five other children and wife hold unspecified amounts. Yet Reinhard retains a DM500 share with all the voting power, and he plans to turn the company over to the nonprofit Bertelsmann Foundation.—**Philip Glouchevitch**

HENKEL FAMILY
Happiness Is West Of The Rhine

Konrad Henkel, 73, the effective head of the 70-member family that controls the giant chemicals and detergents Henkel Group, has been hassled hard at home lately. His donations to the ruling CDU and FDP parties through tax-deductible foundations

Wolf Prange

Konrad Henkel

drew him a $1.9 million fine. He is fighting the penalty and damn the publicity.

There's more cheer elsewhere. Under their carefully chosen—and nonfamily—CEO, Henkel Group earnings totaled $195 million in 1988 on sales of $5.8 billion, tripling over five years. The company will spend $150 million to placate the Greens: Its detergents will soon be phosphate-free, packaged in biodegradable polyethylene containers, not polyvinylchloride.

Founded as a purely German household detergent maker in 1876, Henkel now sells far more in Latin America or the rest of Europe than at home. Until recently, the biggest subsidiary was in France, where growth was up an average 20% a year since 1980, largely through acquisition. But now, with the acquisition of an oleochemicals division of Quantum Chemical for $480 million, the U.S. subsidiary is number one. (Henkel owns 26% of Clorox and 26% of Loctite.) More may follow: There is a bigger playing field in the U.S. for growth-minded billionaires, and they are raising cash to play harder here.—**Philip Glouchevitch**

MAX GRUNDIG
The Indefatigable Max

★ West Germany's newest major hotelier is 81-year-old Max Grundig. His latest extravaganza in the Black Forest, the Bühlerhöhe, sports a helicopter pad, pool, tennis courts and original paintings by Dali and Van Dyck. He also has hotels in Monte Carlo, Nuremberg and Fuschl. They are not his only interest. At 72 he became a father again when third wife, Chantal, gave birth to a daughter, Maria Alexander, now 9 (he also has a daughter from his first marriage).

Haid/DPA

Max Grundig

Thus, Grundig continues to be a living legend in Germany, famous as a resourceful if domineering businessman and all-around opinionated guy. He started making radios in the 1930s, and survived Nazis, Allied bombing, and the collapse of Germany all right. Surviving the Occupation had its own problems: The Allies banned the sale of radios. Grundig read the regulations carefully, and designed the celebrated "Heinzelmann" do-it-yourself radio kits to get around the ban. Soon he needed a big factory. To build it he did a deal with a French army major, swapping 20,000 radios for 7 million cigarettes, which Grundig traded for 60 railroad cars full of cement needed for his factory. With inexpensive Grundig tape recorders, televisions, and steno machines, the indefatigable Max built one of Europe's big postwar successes.

In 1972 Grundig sold a few shares to the public and put the other 93% in a foundation. This was not a true nonprofit foundation, but a device to avoid inheritance and ownership complications should he die. Relinquishing control was another matter: Four successive chief executives found that out from 1972 to 1982—each had to leave the company.

But by the late 1970s Max had his hands full contending with Japanese, Korean, Taiwanese and Hong Kong Chinese producers. Grundig A.G. was as beset with Asian imports as its U.S. counterparts. In 1979, struggling to compete, Grundig A.G. allied with Dutch giant N.V. Philips: Philips got 24.5% of Grundig, and the foundation got 5.8% of Philips, today worth over $1 billion. In 1982 Grundig became CEO again at age 74, to try—but fail—to forge more European alliances. In 1984 he turned over management for good to Philips, which boosted ownership to 31.6% and guaranteed Max an annual DM56 million dividend for 20 years.—**Philip Glouchevitch**

KARL-HEINZ KIPP
Run, Then Take The Money

★ Switzerland, its hills alive with the sound of low-tax music, is where Karl-Heinz Kipp headed just prior to selling his Massa variety stores for some $800 million in 1986. By becoming a Swiss resident and taking his company public before selling, Kipp cut his tax bite 50%.

Kipp shrewdly retained the valuable real estate under the stores, for which he receives over DM100 million per year for 30 years—indexed for inflation, naturally. He and his son, Ernst Ludwig, who moved to Annapolis, Md., have other real estate interests, including at least one New York office building. Kipp Sr. also bought some luxury hotels in Swiss resort villages, including Arosa, where he now lives. His daughter moved to England with her family, making the Kipp exodus complete.

Kipp purchased the Alfred Massa company in 1948 and built it into a successful textile wholesaler. But you wouldn't be reading about him if he hadn't seen the handwriting on the wall, written in Japanese, Korean and Chinese. In 1964, shrewdly foreseeing that Asian competition would swamp European producers, he switched to retail stores, offering everything from food to sundries to garden supplies. By the time he was ready to sell, he had built 27 mostly large-area stores in the Rhineland, whose value increased dramatically after the strengthening of the quirky German zoning law limiting construction of new large stores.

Kipp also left behind some disgruntled Massa employees, who thought they would someday share in all the profits plowed back into the stores, to make up for their otherwise crummy employee benefits.

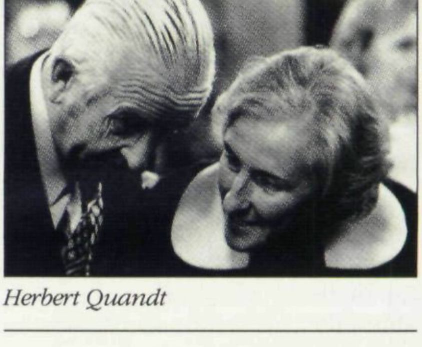
It turns out that the profits are in Switzerland.—**Philip Glouchevitch**

QUANDT FAMILY
Would You Sell?

Yes, the rumors persist, and have for years, that the Quandts may be selling their 66% share in BMW, now worth some $2.6 billion. No, there is no sign they will actually do anything so dumb. BMW, profitable under the Quandts for 25 years, is coming off a record year: sales up 26%. Thank the swank 5 and 7 series sedans that outsold rival Mercedes' S-class cars in Europe.

The Quandts, originally a textile family in Brandenburg, established a potash, mining and battery combine early this century. In the late 1950s half-brothers Herbert and Harald bought into and rescued then nearly bankrupt BMW. Harald died in a 1967 plane crash. Herbert's widow, Johanna, and six of his children (from

Wolf Prange



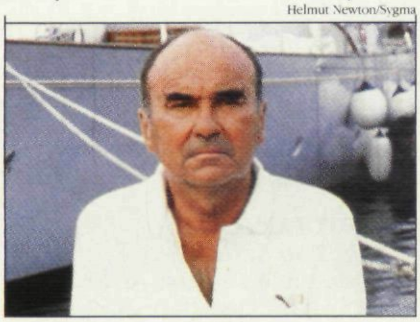
Herbert Quandt

three marriages) own the BMW shares plus holdings in other businesses. This generation's important new venture is manufacturing credit cards. In 1986 the Quandt family purchased Minneapolis-based Smart Card, which also owns the largest credit card manufacturer in Germany, known as MIDS, as well as plants throughout Europe.—**Philip Glouchevitch**

PRINCE JOHANNES VON THURN UND TAXIS
Working For Albert

The prince, 63, breathed easier when wife Gloria, 34 years younger, produced a son, Albert, after two girls. The quest for a male heir each generation, prompted by family tradition, has kept the family fortune, $3 billion, intact for five centuries. Next step is to give Albert, now 5, a patrimony suited to the 21st century.

Helmut Newton/Sygma



Prince Johannes von Thurn und Taxis

Enter last September Helge Petersen, no stranger to family fortunes. This onetime McKinsey consultant has directed the Quandt family's Altana A.G., and businesses of the wealthy Haniel family before that.

Now he oversees "Prince TNT's" vast tracts in southern Germany (part of a 19th-century swap with the family for the postal monopoly it controlled from 1505), and in Canada, Brazil and the U.S. Also, a private bank, a brewery, electronics companies, 37% of Philadelphia-based investment bank Butcher & Co., and art and antiques that have yet to be completely inventoried.

The prince plans to develop industrial parks, shopping centers and office buildings on the real estate, and expand the main electronics company, Doduco GmbH & Co., by acquisition in the U.S. and the Far East (already, two-thirds of its business is outside Germany).

A more ambitious plan is afoot: to harness his private bank (assets, DM860 million), Butcher & Co., an international real estate business in Dusseldorf, and a Munich-based securities firm to build a full-service, world-girdling investment bank for the superwealthy. The bank and financial services are being expanded "as fast as we can find talented managers," reported Petersen to Germany's *Industriemagazin.* Albert's world is likely to be as much his oyster as it is his father's.—**Philip Glouchevitch**

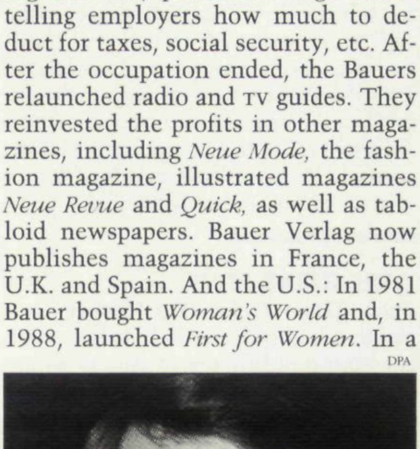
HEINZ BAUER
Little-Known, Not Little

★ Have you ever wondered who really makes those snazzy, expensive eyeglass frames sold under designer names like Christian Dior and Porsche Carrera? The answer is an obscure West German company, Optyl Holding GmbH & Co., that is controlled by a German publisher Heinz Bauer, a new name this year among the world's billionaires.

Bauer's primary business, however, is Bauer Verlag. With revenues of over $1 billion, it is West Germany's second-largest magazine publishing house, behind Axel Springer, and worth over $1 billion, says Gebhard Klingenstein of Baring Securities.

The source of Bauer Verlag's riches is *Hören und Sehen,* Germany's equivalent of *TV Guide.* But the company was founded long before the advent of broadcasting, in 1875, by Heinz Bauer's grandfather. Heinz' father, Alfred Bauer, published radio guides before the war and, immediately following the war, published wage tables telling employers how much to deduct for taxes, social security, etc. After the occupation ended, the Bauers relaunched radio and TV guides. They reinvested the profits in other magazines, including *Neue Mode,* the fashion magazine, illustrated magazines *Neue Revue* and *Quick,* as well as tabloid newspapers. Bauer Verlag now publishes magazines in France, the U.K. and Spain. And the U.S.: In 1981 Bauer bought *Woman's World* and, in 1988, launched *First for Women.* In a departure from media, Bauer also owns 230 Winn's discount stores in Texas. Rounding out the picture back home, Bauer owns the German licenses for *Playboy* and *Esquire,* and has a 24% stake in Radio Hamburg.

DPA



Heinz Bauer

Alfred Bauer died in 1984. Son Heinz now controls 96% of the company, with the remainder divided among his two sisters. Heinz and two colleagues operate the Hamburg-based group without any middle management.—**Philip Glouchevitch**

ALBRECHT FAMILY
New Battle Of Britain Ahead?

Theo and Karl Albrecht, the billionaire brothers who own the Aldi discount supermarkets, may be getting more aggressive outside Germany than they used to be. Word is they plan to invade England, with centrally located, old-industrial Birmingham as their takeoff point. That closely parallels their postwar start in West Germany, where Aldi spread up and down the Rhine from the central, old-industrial Ruhr.

The British may be in for some tough competition. Theo, 66, and Karl, 68, built their chain of over 2,000 German supermarkets by cutting prices to the bone, through concentrating on quick-selling items and by limiting costly frivolities like fresh food or advertising. Very different from cozy British retailing *(see Sainsbury).* Estimated sales for 1988, $8.2 billion. The Albrechts have structured the business into 32 smaller parts to avoid German disclosure laws for large companies. The penchant for secrecy is understandable: Theo was kidnapped in 1971, and a DM7 million ransom paid.

Outside Germany, the Albrechts also own smaller chains in Austria (Hofer), Belgium (Lansa) and Holland (Combi). In the U.S., Theo has a nifty investment in the Boise-based Albertson's chain. His 11%, bought in 1979 for $37 million, is worth some $250 million today.—**Philip Glouchevitch**

OTTO BEISHEIM
Opening Time Is Money

Supermarketer extraordinaire Otto Beisheim keeps to his low profile. Dividing his time between residences in Lugano, Switzerland, Bal Harbor, Fla. and Rottach-Eggern, West Germany, he runs his Metro Group empire as secretly as he can through a maze of holding companies in Switzerland, Liechtenstein, West Germany and the U.S. With worldwide sales of over $17

billion and domestic sales of over $10 billion, Metro Group is the leading retailer in West Germany.

Founded in 1964, Metro dodges West Germany's store-closing law *(see Haub)* by nominally operating as a wholesaler but handing to everyone who asks the required special entrance card. A three-year-old lawsuit against Metro by the German Retail Trade Association is still in the courts. Beisheim's merchandising strategy is simple: Know your consumers and stock for their ever more specialized wants—the group is targeting office equipment (Metro was among the first to carry PCs and is among Europe's leading sellers) and hotel catering as future growth areas. Beisheim believes this strategy will protect him from other European retailers chasing the "Euro-consumer" onto German turf.

Lately, Beisheim, 65, has been branching out. He has raised his stake in Kaufhof A.G., West Germany's second-biggest department store chain, to over 50%. Other Beisheim interests include Primus Meister and Huma/Suma supermarkets, the Pelikan office furniture company as well as the Jetro cash-and-carry stores in the U.S.—**Philip Glouchevitch**

HERZ FAMILY
Filling In The VCR Blanks

When their father Max died in 1965, brothers Gunter and Michael Herz inherited Tchibo Frisch Rost Kaffee, a coffee mail-order business and store chain. Somehow, the brothers figured they could also sell cheap surfboards, tennis rackets, bottle openers and sundry other goods through their coffee stores. They were right. Tchibo's sales have grown steadily and now total over $1 billion.

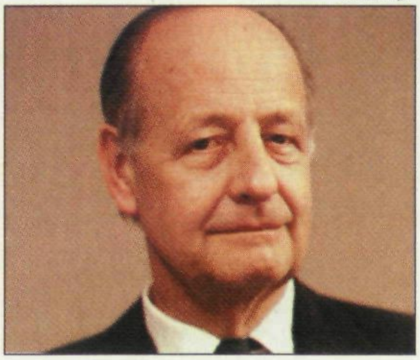
The brothers keep looking for new profit sources. Example: For a joint venture in the travel business, they now sell videocassettes in Tchibo stores. Priced the same as a blank tape, these cassettes come with a prerecorded one-hour travelog featuring hotels in Ibiza, Grand Canary Island, Rhodes and Crete, and a number for reservations. If you don't like the advertising, you simply record right over it. Clever.

The Herz brothers' diversifications include 26% of Beiersdorf A.G., maker of the Nivea brand skin cream and adhesive tape; and 53% of Reemtsma Cigarettenfabriken GmbH, which has cigarettes (notably Peter Stuyvesant brand) and breweries (St. Pauli Girl, among others). At Reemtsma, the brothers are selling off some of the weaker breweries and keeping the successful Bavaria and St. Pauli brands. Beiersdorf, meanwhile, is growing nicely; it recently outbid Japan's Dainippon Chemical for Technical Tape, Inc., the second-largest manufacturer of adhesive tape in the U.S.—**Philip Glouchevitch**

OETKER FAMILY
Into Good Hands

Here is another big West German family-owned company that finds itself compelled to look beyond West Germany. The Oetker family company was started in 1891 by August Oetker, a pharmacist in Bielefeld who packaged baking powder and recipes for housewives. His grandson Rudolf

Wolf Prange



Rudolf Oetker

Oetker took over after WW II and diversified into shipping, breweries, banking and insurance. Now Rudolf's son August, 45, is group chairman.

August Oetker faces unusual challenges. Oetker Group (sales, around $1.6 billion) is so large in some industries—brewing, for example—that it can't make further acquisitions without running into trouble with West Germany's competition laws and the cartel commission. The foods division is also very large, but come 1992 it must compete against even larger European giants like Nestlé or Unilever. August Oetker's solution: seek growth markets in lines like frozen and prepared foods, perhaps with similar size companies in France or Italy, for economies of scale.

At 73, patriarch Rudolf Oetker is spending less time on company affairs. Several top managers are at or near retirement age. But young August Oetker showed his mettle when he told West Germany's *Industriemagazin* last year that he'll find managers either within the company or outside who are independent enough to challenge family members on matters of importance.—**Philip Glouchevitch**

GRETE SCHICKEDANZ AND FAMILY
Staying Put

With the mail-order business in West Germany nearing saturation, where will Grete Schickedanz look for future growth? Schickedanz, 77, is the widow of the founder of Quelle, one of West Germany's largest mail-order retailers. The company is run with the

Staedele-DPA/Photoreporters

Grete Schickedanz

help of other family members.

So far the family's answer to the growth question has been to diversify, but primarily within West Germany. Besides the catalog business, Quelle group now includes retail stores. Thanks in part to its 1987 acquisition of the Sinn A.G. chain of apparel shops, Quelle's 1988 sales topped $5.5 billion, and earnings were up 10%, to some $50 million. Also spurring sales were the financial services division and an "industrial" division that recently acquired a Coca-Cola concession for northern Bavaria and neighboring regions. The Schickedanzes intend to merge the Coke operation with existing beverage operations (which include brewer Patrizier Brau).

Quelle earns about 30% of its catalog revenues outside of West Germany. But the Schickedanzes always identified with their country, and a company spokesman confirms that investing outside the Fatherland is "not a priority."—**Philip Glouchevitch**

OTTO FAMILY
Writer Makes Good

★ The Schickedanzes aren't the only German billionaires from mail order, or even the largest. Meet Werner Otto, 79, and his son Michael, 46. Their majority-held Otto Versand GmbH & Co. earned $83 million in Germany alone last year; worldwide, group sales exceeded $7 billion. The Ottos also own Spiegel, Inc., the U.S. catalog company. Add to that several real estate development companies in North America.

The son of a Brandenburg food

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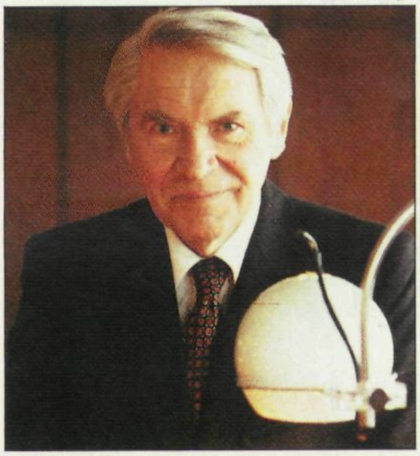


Werner Otto

wholesaler, Werner Otto originally wanted to be a writer, but became an independent retailer in Stettin instead. He spent two years in jail for his opposition to the Nazis, then moved to Hamburg after the war. He founded a mail-order house in 1949; it grew rapidly thanks to his knack for getting what customers wanted. In the early 1960s, with impeccable timing, Otto sold about half the company to finance his foray into real estate development.

Son Michael, who once served a brief internship at the Von Finck's bank, took over as chief executive in 1981. He seems cut from his father's cloth. Michael bought the Spiegel catalog in the U.S. in 1982, and with his father's flair for timing, he raised $100 million through the issue of nonvoting shares in Spiegel in September 1987, one month before the global market crash.

Under his tenure the company broke out of Quelle's shadow in 1982, and then overtook Sears in 1986 to become the world's leader in catalog sales. Germany's *Industriemagazin* named Michael Otto "manager of the year" in 1986; he sits on the board of several companies, including Deutsche Bank.—**Philip Glouchevitch**

VON SIEMENS FAMILY
Strategic Alliances

★ Siemens A.G. (sales, $34 billion) makes everything from dishwashers to nuclear plants. But now even the company seems to think the broad spread is a weakness, and plans to focus on power, communications and medical equipment. Showing its affection for grand strategic alliances, Siemens agreed last December to buy the telecommunications part of Rohm from IBM for $1.15 billion. In partnership with Britain's GEC, Siemens is now making a renewed bid to take over Britain's Plessey, a worldwide electronics concern with important British defense contracts.

Siemens isn't usually thought of as a family company, but over 200 Von Siemens family members and their unifying family trust own at least 10% of the share capital, including an undisclosed number of preferred shares that carry extra votes.

For nearly its entire life, Siemens has been run by family members. It was founded in 1847 as the Siemens & Halske Telegraph Co. by Werner von Siemens and Johann Georg Halske. In 1866 Werner developed the first practical dynamo-electrical machine, through which electricity can be produced in great quantity. The company quickly grew into one of Germany's biggest electric companies. Most of the firm's plants and its Berlin headquarters were destroyed during World War II; after the war the founder's grandson Hermann von Siemens relocated the company to Munich.

Alain Nogues/Sygma

Peter von Siemens

The tradition of family members' running Siemens ended in 1981, when Peter von Siemens stepped down as chairman of the supervisory board. His son, Peter Carl von Siemens, 52, is on the board of executives, and younger family members work in the company, but it is run by professional management.—**Philip Glouchevitch**

FRIEDRICH KARL FLICK
Squabble Settled

Friedrich Karl Flick may finally get to enjoy in peace the $3 billion he received from selling his industrial empire to Deutsche Bank in 1985. Flick recently paid an undisclosed amount to two disgruntled nephews, Friedrich Christian and Gert-Rudolf, whose share of the family companies he had bought in 1975 for DM200 million. In a real-life version of *Dynasty*, the nephews sued last year for a redistribution of the assets, and embarked on a visible campaign to regain control of the old family paper, dynamite and construction companies, since taken public as Feldmühle Nobel A.G. They failed to gain control but profited handsomely from selling their 40% stake last May to the Dusseldorf energy and chemicals conglomerate Veba A.G. The squabble seems settled.

Prange-DPA/Photoreporters

Friedrich Karl Flick

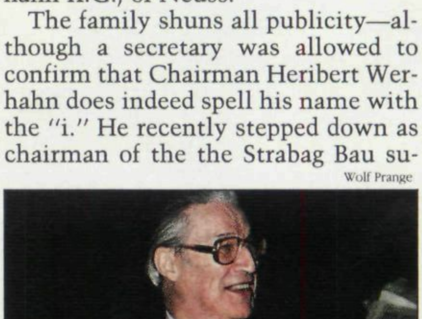
Flick, whose image was tarnished in a 1981 political contributions scandal, remains a behind-the-scenes figure in West Germany. He sits on the supervisory board of Deutsche Bank, and is the subject of many business rumors. Talk of his building a skyscraper in Frankfurt proved to be untrue. But, at 62, Flick is still quite active. There will probably be fire behind one of the rumors one of these days.—**Philip Glouchevitch**

WERHAHN FAMILY
Iraq Connection

The Werhahn family's considerable fortune should improve thanks to the end of the Iran-Iraq war. The reopening of the $700 million airport at Basra and a new 140km Iraqi highway will enable the Iraqis to complete payments to Strabag Bau A.G., the West German construction firm 50%-owned by the Werhahns. The rest of their fortune springs from some 74 other companies controlled through their holding company, Wilhelm Werhahn K.G., of Neuss.

The family shuns all publicity—although a secretary was allowed to confirm that Chairman Heribert Werhahn does indeed spell his name with the "i." He recently stepped down as chairman of the the Strabag Bau su-

Wolf Prange



Heribert Werhahn

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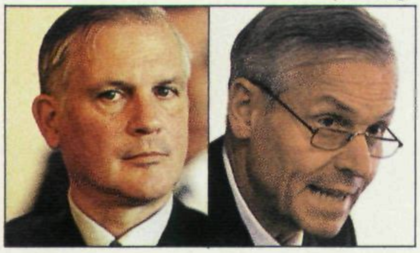
pervisory board to become honorary chairman, but he leaves the company in good shape: Earnings are rising again after two lean years. The family sold its $1.1 billion (sales) food operations in 1987 for $320 million, but it still owns diverse businesses with combined sales of around $1.6 billion.—**Philip Glouchevitch**

WILHELM VON FINCK
AUGUST VON FINCK
Divvying Up?

The von Finck brothers broke their customary silence a few months ago to deny a *Spiegel* magazine report that their 90% share of Löwenbrau brewery (worth some $260 million) is for sale. It was, however, a plausible rumor. For one thing, West Germany's beer wars are heating up, and many

Photos by Wolf Prange



Wilhelm and August von Finck

lesser breweries have been changing hands *(see Herz, e.g.)*. For another, the von Fincks—August is 59; Wilhelm, 61—may be starting to think about transferring assets to their children.

August has four children and Wilhelm has one, and although none of the kids is active in the business, there is a great deal to be distributed. Besides Löwenbrau, the brothers' vast holdings include the private Merck, Finck & Co. bank (total assets over DM3 billion), 40% of electric utility Isar Amperwerke, 70% of the less-known Wurzburger brewery, investments in Allianz (5%) and Munich Re (5%) insurance companies, and some 10,000 acres of valuable forest and agricultural land outside Munich. That land is especially valuable because in West Germany landholdings are valued, for inheritance tax purposes, at only 10% of their market value.—**Philip Glouchevitch**

VON OPPENHEIM FAMILY
Bicentennial Nonbash

The von Oppenheim cousins—Manfred, 65, and Alfred, 55—are celebrating the bicentennial of their family's famous bank, Sal. Oppenheim Jr. & Cie., this year just the way you'd expect from sixth-generation private

Photos by Wolf Prange

Alfred and Manfred von Oppenheim

bankers and insurers: discreetly. The Oppenheims' worth, believed to be in the $2 billion area, is concentrated in the bank and several insurance companies, especially Colonia Versicherung A.G., on whose books hidden assets reportedly abound.

German insurance companies are known in European financial circles to be highly profitable, and Colonia is considered no exception. The bank is healthy, too: it has joint ventures in Zurich, Luxembourg, New York and—most recently—Tokyo. These ventures are meant to serve large foreign institutional investors interested in purchasing German securities in a steadily shrinking world.

The bank was founded in 1789 by ancestor Salomon Oppenheim Jr., the first Jew on Cologne's Chamber of Commerce. His sons Simon and Abraham financed Germany's railroads. Simon's sons converted to Christianity; by Hitler's day the von Oppenheims were only one-quarter Jewish and largely escaped the Holocaust.—**Philip Glouchevitch**

FRANCE

MULLIEZ FAMILY
Sincere Flatterer

★ Gerard Mulliez is trying his luck at bringing the hypermarket to the U.S. In 1984 some of Mulliez' Groupe Auchan executives moved to the States to run an experimental superwarehouse franchise in Joliet, Ill. Auchan opened its first U.S. hypermarket near Houston last fall, and its second in suburban Chicago this spring.

Highly successful in Europe, hypermarkets—with everything from bread to VCRS, skirts to lawn mowers under one huge roof—have yet to catch on in the U.S. Yet it's understandable why Mulliez should want to have a go. Consciously inspired by American discount retailing operations he saw in the U.S. in 1960, Mulliez opened his first Auchan supermarket in 1961 in Roubaix, near Lille. To preempt anyone from opening an even bigger store, he built the first Auchan hypermarket in 1967. Now there are 39 in France, 11 in Spain and a joint venture under way with Italy's Conti. Every store offers over 50,000 items on floor space up to 160,000 square feet. (The typical Wal-Mart hypermarket, by contrast, is 222,250 square feet.)

To cope with the *Loi Royer,* a French law aimed at protecting small shopkeepers, Mulliez developed U.S.-style shopping centers, anchored by his hypermarkets. This allows the petit bourgeois shopkeepers to rent space and benefit from traffic generated by the big Auchan stores. Other U.S. concepts Mulliez has imported to France include do-it-yourself, sporting goods, discount clothing chains, cafeterias, and even pizzerias. His employees own 17% of $7 billion (sales) Auchan; Mulliez' 83% share is worth around $1.2 billion.

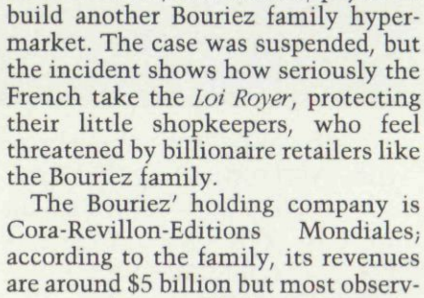
The original century-old family business is a chain of knitting and yarn stores called Phildar. Today Phildar (1988 sales, $473 million) has some 2,280 franchisees, making it one of the largest franchise operations in Europe.—**Katherine Weisman**

BOURIEZ FAMILY
Case Closed

Last year Michel Bouriez, once president of the Nancy Chamber of Commerce, spent three weeks in jail after being indicted for allegedly making a FF10 million ($1.5 million) payoff to build another Bouriez family hypermarket. The case was suspended, but the incident shows how seriously the French take the *Loi Royer*, protecting their little shopkeepers, who feel threatened by billionaire retailers like the Bouriez family.

The Bouriez' holding company is Cora-Revillon-Editions Mondiales; according to the family, its revenues are around $5 billion but most observers put them well above that. The company is based in Paris and is run

Delluc/L'Expansion



Philippe Bouriez

by Michel's brother Philippe, 55, a Harvard Business School alumnus.

The family's original company, Cora, is now France's second-largest hypermarket group with 48 stores (6 more in Belgium) and several supermarkets and convenience stores. Revillon, the well-known luxury-goods firm acquired in 1981, owns the license to manufacture apparel and accessories with the Karl Lagerfeld label. Editions Mondiales is France's number one publisher of women's pulp romances and produces films and TV programs. It also owns 2% of TF-1, a cable TV broadcaster. With one of France's largest family companies, the Bouriez clan is worth well over $1 billion.—**Katherine Weisman**

PEUGEOT FAMILY
Tale Of Two Families

The descendants of Louis Renault can thank France's Socialists, who keep bailing out the state-owned Renault car company, for keeping the family name alive. But the competing Peugeot clan has kept its name—and fortune—alive through its own wits and resources. The family is currently represented by Pierre, Roland, Bertrand and Antoine. Among their better decisions was the fairly recent one of hiring Jacques Calvet as chairman in 1982. After whipping labor into shape, Calvet came out with the widely acclaimed Peugeot 405 in 1988. Sales, earnings and Peugeot stock have all shot up dramatically, making the Peugeot family's 26% (with double voting rights in some cases, assuring control) of Peugeot S.A. lately worth $1.5 billion.

Richard Kalvar/Magnum

Roland Peugeot

Looking ahead to the tougher competition European automakers will face after 1992, Peugeot and Fiat have formed a joint venture to build passenger vans to compete with Volkswagen and the Japanese.

Currently Peugeot has 12% of the European market; this puts it in third place, narrowly behind VW and Fiat. But one well-regarded European automotive analyst foresees even brighter things. "Peugeot," he predicts, "will become Europe's premier automaker and will gain a [European] market share of 15% in the next four years."—**Katherine Weisman**

VUITTON FAMILY
French Lesson

★ "If Racamier hadn't been there, they [the Vuitton family] would not be billionaires," says a source close to the Vuittons. He is referring to Henry Racamier, a successful businessman who married Odile Vuitton in 1943. In 1977 Racamier's mother-in-law, who wanted to keep Louis Vuitton a family business, asked Racamier to take over. He sold his specialty metals company and, at 65, began a new career in the prestige consumer goods business (a Vuitton trunk can cost $10,000 and more). When he started there were two Vuitton boutiques; sales were $11 million. Today Vuitton has 120 stores worldwide; 1988 sales were close to $500 million.

Ribolowsky/REA

Henry Racamier

Racamier's problems began when he took Vuitton public in 1984. This made the family more liquid, but reduced its control. In 1987 he merged Vuitton with Moët Hennessey to create Louis Vuitton Moët Hennessey (LVMH). That further reduced the family's ownership.

During the past year, a nasty power struggle has broken out involving Racamier, Britain's Guinness Plc., French businessman Bernard Arnault and merchant bankers Lazard Frères & Cie. *(for more on the battle, see "Tough guys with a genteel manner,"* FORBES, *July 10).* As things now stand, Arnault is in charge, and the Vuitton family's holding in LVMH has been diluted down to around 20%. The stake is now worth $1.3 billion, but the Vuittons have lost control.

The company itself, by the way, has a charming history. In 1837 Louis Vuitton, 16, came to Paris and apprenticed himself as a *layetier.* The word *layetier* has almost disappeared, but then it was commonly used and meant a specialist in packing luggage for wealthy women leaving on extended sojourns. When Eugenie de Montejo married Napoleon III in 1853, she chose Vuitton as her *layetier,* making him famous. In 1854 Vuitton opened a luggage store where he reshaped the trunk, traditionally rounded on top, into a rectangular box for easier stacking. Vuitton trunks were soon the rage.—**Katherine Weisman**

SCHLUMBERGER/SEYDOUX FAMILY
Thick-Blooded

We're not sure what this means, but Jérôme Seydoux, commonly regarded as one of France's best businessmen, has lately emerged as a major factor in the international wool business. Through his air transport company, Chargeurs S.A., Seydoux has bought the wool combing, cleaning, spinning and selling arms of Prouvost in France and of Hart in Argentina. These give Seydoux 22% of the world market in wool trading and combing.

Why wool? We don't know; Seydoux merely points to historic company ties to the textile industry. What is clear is this: The Seydoux family's commercial blood still runs thick. Jérôme's grandfather Marcel Schlumberger (and Marcel's brother, Conrad) founded Schlumberger, the oil services giant. Pierre Schlumberger, Marcel's son, later decreed that the company should be managed by professionals, not family members.

Patrick Hamon-Keystone/Picture Group

Jérôme Seydoux

That rule forced Jérôme Seydoux out of the company in 1976. A natural businessman, he soon bought control of troubled textile company Pricel, which he restructured and used to acquire Chargeurs in 1979. Chargeurs recently won passenger routes between New York and Marseille, Bordeaux and Toulouse from President Mitterrand—Seydoux, too, is close to the Socialist government.

Nor is Jérôme, 55, the only family

member to have inherited some of Marcel's commercial acumen. Younger brother Nicolas runs Gaumont, France's leading motion-picture producer. Michel, the youngest sibling, has a film production company. Together, the Seydoux and Schlumberger kin own as much as 25% of Schlumberger, worth over $2 billion at current prices.—**Katherine Weisman**

LILIANE BETTENCOURT
The Price Of Diversifying

Widely considered France's wealthiest individual, Liliane Bettencourt is the daughter and heir of Eugene Schueller, the founder of L'Oréal, the world's largest cosmetics company (1988 worldwide sales, $4.6 billion). Now 66, she continues to live quietly in a suburb of Paris with husband André, a former government minister.

Richard Kalvar/Magnum

Liliane Bettencourt

L'Oréal has a new president, Lindsay Owen-Jones, 43, a Welshman, appointed last September. Around 40% of L'Oréal's sales are still in France, and Owen-Jones, long with L'Oréal's various international divisions, is charged with expanding foreign markets. This includes the U.S., where L'Oréal operates through its New York-based subsidiary, Cosmair. Within L'Oréal's vast product line, the company's most successful product is Anaïs Anaïs, a perfume with worldwide sales of about $140 million. Owen-Jones hopes to create more such global successes.

Through Gesparal, a holding company, Liliane Bettencourt owns 28% of L'Oréal; at current Paris Bourse prices, the holding is valued at $1.1 billion. She originally held about 50%. But, to diversify, she traded 22% in 1974 for what's now 3% of bearer shares of Nestlé, the Swiss food giant. That Nestlé stake is worth around $400 million; a 22% holding in L'Oréal, by contrast, would be worth over $800 million at today's prices. There is sometimes a cost to diversifying one's portfolio.—**Katherine Weisman**

HOLLAND

DREESMANN FAMILY
Boardroom Fight

Last year saw real trouble emerge at the Dreesmann family's Vendex International. Run since 1974 by Professor of Economics Anton Dreesmann, 66, Vendex has grown into a retailing and financial services colossus whose 1988 sales hit nearly $8 billion. Its U.S. interests include 50% of B. Dalton Bookseller and 41% of Dillard Department Stores Class A shares.

But while Dreesmann was orchestrating Vendex' overseas growth, managers of the company's stores back home in Holland stayed too long with mass marketing concepts at a time when competitors were offering upmarket, specialty, in-store boutiques. At the Dreesmann's supermarket chain, Edah, managers lost their image as good discounters when other supermarkets began reducing prices.

The turn, when it came, was sudden for the privately owned company. By some accounts, some of the Dutch operations, which account for as much as 63% of sales, are now losing money. Vendex' overall profits fell 24% last year, to $78 million.

To make matters worse, Anton Dreesmann was knocked out of action by a brain hemorrhage, from which he is recovering. His handpicked, nonfamily successor, Arie Van der Zwan, attacked Vendex' problems with a plan to cut nearly 18% of the department stores' jobs and then upgrade the stores, as Macy's in the U.S. had done. The paternalistic Dreesmann wouldn't hear of mass firings. Saying he had "pulled himself out of the grave," Dreesmann returned to the company early this year amid a "palace revolt" by directors and managers, who threatened mass

ANP

Anton Dreesmann

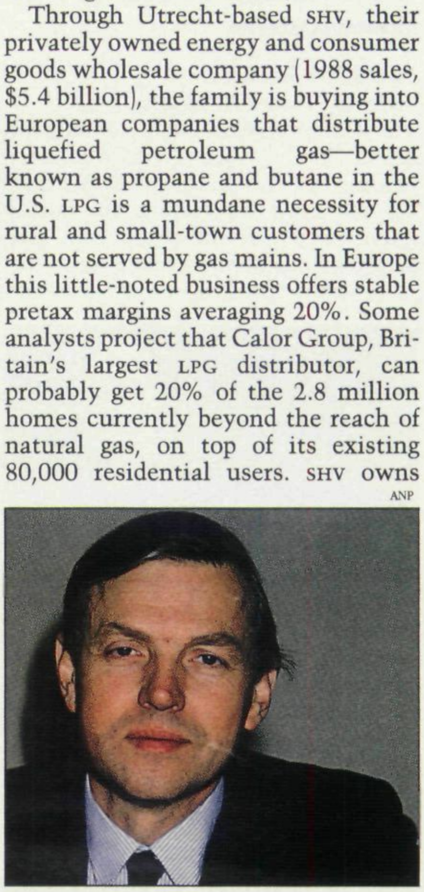
resignation, according to one source (the company refuses comment). At any rate, Van der Zwan is out, and so are the mass firings. A "more quiet" restructuring plan is in process, and plans for taking Vendex public in 1990 are stalled. Dillard's has reportedly asked about buying back Vendex' stake, currently worth some $758 million. An interesting drama, far from finished.—**Katarzyna Wandycz**

FENTENER VAN VLISSINGEN FAMILY
The Next Billion

What is a billionaire family doing in a dull business like propane? Answer: working on their next billion.

Through Utrecht-based SHV, their privately owned energy and consumer goods wholesale company (1988 sales, $5.4 billion), the family is buying into European companies that distribute liquefied petroleum gas—better known as propane and butane in the U.S. LPG is a mundane necessity for rural and small-town customers that are not served by gas mains. In Europe this little-noted business offers stable pretax margins averaging 20%. Some analysts project that Calor Group, Britain's largest LPG distributor, can probably get 20% of the 2.8 million homes currently beyond the reach of natural gas, on top of its existing 80,000 residential users. SHV owns

ANP



Paul Fentener van Vlissingen

42% of Calor. Paul Fentener van Vlissingen, 48, who heads SHV, has also aggressively added LPG interests on the Continent, and company sources expect further expansion.

In a sense the family is returning to their roots. The family fortune grew out of a coal cartel in turn-of-the-century Holland. In the 1960s and 1970s they invested in oil. Today, SHV gets most of its revenues and half its profits from a chain of 54 wholesale cash-and-carry Makro stores, and the Otto Reichelt supermarket chain in West

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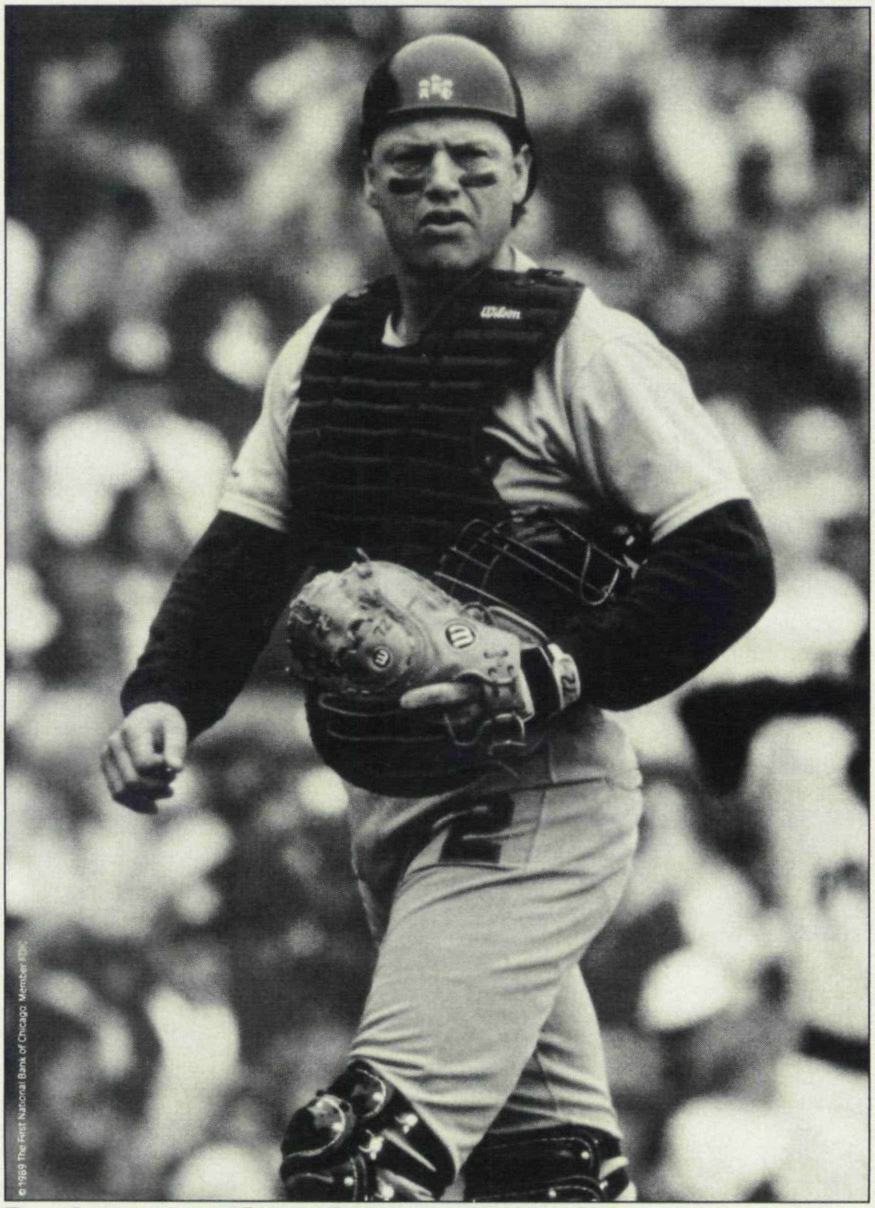

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The family is not short on talent: Paul's brother John, 50, runs Noro Group, a $3.5 billion Dutch investment fund in real estate and venture capital. And brother Frederik, 56, runs Flint, a private investment company in Amsterdam.—**Katarzyna Wandycz**

BRENNINKMEYER FAMILY
Too Big To Hide

The super-secretive Brenninkmeyers are also super-diversified geographically. They have built up their U.S. holdings to include eight retail store chains: among them, California-based Womans World Co., Uptons Department Stores, based in Georgia, and Eastern Mountain Sports Inc., based in New Hampshire. Estimated combined annual sales are reportedly $575 million.

In West Germany the Brenninkmeyers' C&A stores' sales were $4 billion in 1987 (the latest available).

In Britain, the Brenninkmeyers run the C&A operation as an unlimited company; this exposes them to potentially unlimited financial claims, but saves them from disclosing much financial information. According to Verdict Research Limited, a London-based market research company, C&A is now Britain's fourth-largest clothing retail chain, with over 100 stores and estimated sales of almost $1 billion. Profits? Easily $60 million or so, even in the U.K.'s currently cool retailing environment.

Add in sundry retail operations in France, Switzerland and Brazil plus a complex real estate empire, and the Brenninkmeyers are worth at least $5 billion, and probably much more than that.—**Katarzyna Wandycz**

SWITZERLAND

WALTER HAEFNER
Inspired By Forbes, Sort Of

★ More than one billionaire owns racehorses, but how many ever ride to victory in a race? Walter Haefner, 79, whose wholly owned Careal Holding in Zurich puts him on our list, is one who has: He won the 1962 European cup for amateur riders. Nowadays, he's into easy riding and raising Thoroughbreds on farms in Ireland and Lexington, Ky.

He emerged from relative obscurity in June 1987, when the biggest U.S. systems software company, Computer Associates, merged with his 58%-owned Uccel, and he wound up with 21% of Computer Associates, a slice now worth over $650 million.

Haefner has good business instincts—he sold his business interests in Iran at a profit just prior to the Shah's overthrow, for instance. Way back in the early 1960s he founded a computer service company to calculate time payments for his and other companies. That was bought by Dallas-based UCC, also a computer service company, and Haefner received a minority stake. But UCC went bankrupt trying to compete with AT&T. "I faced the situation whether to write off my investment or take over the company," Haefner recalls. He got some motivation from . . . FORBES. When an article appeared in these pages in 1983 questioning the feasibility of restructuring UCC, he and the GE executive he had brought in turned to each other and said, "We'll show 'em." Under the name Uccel, they eventually showed us.

Haefner was one of seven sons of a poor missionary to Tibet. Wartime gasoline rationing gave Haefner his first business opportunity. Using 26,000 Swiss francs in savings, he marketed charcoal generators for cars. After the war, his Amag car import business boomed, first selling British and American jeeps, and then the "big hit"—Volkswagens. From that he built his fortune. Today, Amag has the exclusive Swiss rights for Volkswagen, Audi, Porsche and the Spanish-made Seat, and also owns the valuable real estate under many of the car dealerships.

With an eye to liquidity, Haefner wanted to take 25% of Amag public this spring, but the weak Swiss stock market stopped that plan. None of his three children (he has been married four times) seems keen to run the business, and Haefner is paving the way for a smooth inheritance. Meanwhile, he plays the piano, raises orchids, and waits for his next horse to come in.—**Philip Glouchevitch**

STEPHAN SCHMIDHEINY AND FAMILY
Divided They Prosper

By design, there is no Schmidheiny family empire. Rather, the family has organized its affairs so that able and motivated family members are sole owners of their own businesses. That way there's no confusion over who gives the orders, and who takes credit and blame. In this way the fourth generation of Schmidheinys remains commercially potent in Switzerland.

Daniel Boschung

Thomas Schmidheiny

RDZ

Stephan Schmidheiny

There are three Schmidheiny brothers: Stephan Schmidheiny, 42; Thomas, 44; and Alexander, 39, who has minor business interests. There's also a cousin, Jacob Schmidheiny, who runs his own domain, which was split off in an earlier generation.

Thomas Schmidheiny owns the world's largest cement company, Switzerland's Holderbank. He used to own West Germany's troubled optics firm Wild Leitz A.G. (maker of the Leica camera line), but sold it to brother Stephan in the past year.

Stephan Schmidheiny's operations are the largest. His Anova Holding, based in Hurden (near Zurich), owns all or part of: a newspaper distributorship; a fast-food chain; the Swiss Eternit group (construction materials), inherited from his father; Asea Brown Boveri; watchmaker SMH (which makes Swatch); and real estate and banking assets. Stephan Schmidheiny is as unbureaucratic as they come. Only six executives (plus some support staff) run Anova's entire $2 billion-plus (net worth) empire. This is a by-product of putting individual family members in charge of their own businesses.—**Philip Glouchevitch**

HANS HEINRICH THYSSEN-BORNEMISZA
Bullish On Gauguin

Baron Thyssen-Bornemisza continues to manage the family art. It's one of the world's great collections, worth

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RIKEN

A. Venzago/Magnum

Baron Thyssen-Bornemisza

over $1 billion and considered second only to that of the Queen of England. He added to it last May by buying a noted Gauguin, "Mata Mua," at a Sotheby auction for $24 million. Son George, 38, a lawyer by training, runs the family business, most notably the Thyssen-Bornemisza Group (shipping containers, farm machinery and much else) which says it had net income last year of $52 million on sales of over $3 billion.

Baron Hans' grandfather, August Thyssen, built the famous steel company and shipping companies as well. Hans' father married a Hungarian baroness and took the name to get the title, denounced Hitler in 1939 and moved to Switzerland with the shipping companies. He also built up the art collection, buying cheap in the Depression 1930s, but it was scattered at his death. Hans reassembled most of it, piece by piece, and added to it as well. Nearly 800 of the 1,300 or so paintings, all held by a Bermuda-based trust, are on loan to Spain's Ministry of Culture for ten years and are now on display near the Prado in Madrid. The rest may be seen at Villa Favorita, the baron's residence in Lugano. Curators in Britain, Spain and Switzerland have courted the baron, 68, but in vain. What he will eventually do with his fabulous collection is not known.—**Philip Glouchevitch**

PAUL AND MAJA SACHER-STEHLIN
They Won't Sell

The last sucker to believe the perennial rumor that the heiress to the Hoffman-LaRoche fortune would sell control was ICN Pharmaceuticals. It bought an 8.6% share in Hoffman-LaRoche in that hope for $180 million, but it got off lucky: A rising market let ICN sell the shares back to the company in 1988 for a $30 million gain. Yet the rumors persist.

Now, a complicated company restructuring makes it plainer than ever that control will not shift. A 50-for-1 stock split, effective this August, plus a rights issue and related moves, have broadened the market in shares that formerly sold for a forbidding $150,000 apiece. The split may also make the shares better currency for acquiring other pharmaceutical companies, but not a vehicle for selling out. The majority of the voting shares, worth at least $1.1 billion, remain in the caring hands of the Hoffmann family, in particular 93-year-old Maja

Photos by RDZ

Paul Sacher, Maja Sacher-Stehlin

Sacher-Stehlin. The company is thoughtfully issuing dividend-rights certificates that the family can sell to buy the new bearer shares (these are the ones that vote) that will emerge from the restructuring.

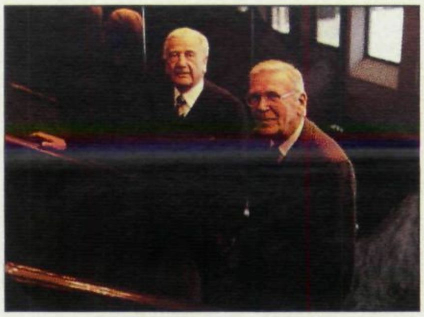
Ignore the mortality tables, too. Maja inherited control on the death of first husband Emmanuel Hoffmann in 1932, and soon married conductor and patron of the arts Paul Sacher. She had three children by Emmanuel, but none by Paul. Her second son, Lukas, sired four grandchildren. These heirs evidently value control of the family patrimony over dividends.—**Philip Glouchevitch**

AUSTRIA

SWAROVSKI FAMILY
The China Card

The picturesque village of Wattens, in Austria's Tyrol, is a long way from China. But Wattens' cosmopolitan Swarovski family has established a business there nonetheless: They're part of a joint venture that sells finished jewelry near Shanghai. Do the Chinese have the money to buy precious stone jewelry? The venture "appears to function," says a cautious company spokesman. He points out that jewelry is a traditional Chinese hedge against inflation, which had been roaring before the recent student demonstrations. (The Swarovskis

Kevin Galvin



Daniel and Manfred Swarovski

have set up a similar jewelry venture in Thailand.)

What the Swarovskis are really known for, of course, is their near-monopoly on the world's rhinestone business. The company, established four generations ago by Daniel Swarovski, had sales last year of 1 billion Swiss francs (international headquarters are in Zurich), or about $600 million, and is said to be enormously profitable. To that must be added their 50% stake in Zale's in this country, the world's largest jewelry retailer, with sales last year of $940 million. The Austrian company is diversified slightly: Optical equipment (like binoculars) accounts for around 15% of sales, and the company also has a line of glass animal figurines and crystal jewelry bearing the Swarovski name. The Swarovskis plan to put more emphasis on retail sales in the future.—**Philip Glouchevitch**

SPAIN

MARCH FAMILY
Spanish Bulls

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March, by 1986 had become a public investment vehicle. Alba is now a major investor in Spanish banks, brewers, food distributors and construction companies. The March boys are said to invest privately in some of the Alba deals.

Alba has also been buying real estate. It bought 20% of Formentera Interplan, which owns eight hotels and a ferry line in the Balearic islands of Menorca and Formentera. (The Marches' grandfather, Juan March, who founded the dynasty by helping to finance Franco in the 1930s, was known as the Balearic Smuggler.) Alba has also invested in commercial and office space in Barcelona and Madrid, and in two shopping centers.

The brothers' biggest acquisition: Banco Urquijo Unión, Spain's tenth-largest bank. Last December Alba and Banca March, the family's 100%-owned bank, together paid some $450 million for this leading industrial investment bank.

More recently, Banca March has reduced its stake in a joint venture with National Westminster Bank from 36% to 10%, for $88 million. Some observers say the Marches want cash for still more acquisitions. Makes sense. The Marches are obviously bullish on their dynamic country's prospects.—**Katherine Weisman**

BOTIN FAMILY

What A Smart Bank Looks Like

Would that America's S&LS—or its money-center banks, for that matter—had been run half so well as the number four bank in Spain.

Unlike other Spanish banks now bracing for 1992, and therefore preoccupied with mergers or restructuring at home to compete with larger, more competitive-minded European banks, Banco Santander is already in good shape. Results in 1988 were terrific—net income up 47%, the dividend up 40%. Its big Latin American market has little real exposure; its LDC debt, never a big risk, has been 100% reserved since 1986. Santander is building up in safe Puerto Rico and cutting back in politically dangerous Panama. In March Standard & Poor's gave Santander its highest rating—A-plus—for a planned commercial paper issue in New York, where the bank has also quietly listed its stock. In Spain, only the Kingdom of Spain and Telefónica de España hold this rating.

The Botin family has managed Santander for more than 30 years. They expanded steadily and carefully, acquiring, sources say, at least 25% of the bank (only 5% shows) worth upwards of $1.4 billion. And they go to the office. Emilio Botin, 54, took over as chairman in 1986. "For us, competition means the world's top banks," he said in his 1989 address to shareholders, "and the marketplace is the markets of the European Community." Santander has bought a small bank in West Germany and one in Belgium, and pieces of banks in Italy and Portugal. And in a deal signed last October with Royal Bank of Scotland, Great Britain's fifth-largest bank, Santander bought 9.9% of Royal Bank, to become its largest shareholder, and Royal Bank in turn bought 50% of Santander's new German and Belgian acquisitions.

Santander stock is pretty safe acquisition currency. While the Spanish government encourages large banks to control the market in their shares, observers say Santander doesn't need to do this. But the real appeal is more fundamental. Analyst Chris Davis of Barclay's de Zoete Wedd sums it up: "The more important thing is that there is management in depth behind that bank . . . There are no delusions of grandeur. That's the sort of thing I like."—**Katherine Weisman**

RAMÓN ARECES

The Richest Man In Spain

Now 84, Ramón Areces is Spain's biggest retailer, with his posh El Corte Inglés ("The British Style") department stores and discount Hipercor hypermarkets. With $3 billion in sales, El Corte Inglés is five times the size of its nearest competitor, but it has a weakness nonetheless.

Dating to Spain's autarky under Franco, El Corte owns some of its manufacturing suppliers. This is fine for now, but with 1992 Areces' competitors may switch suppliers at will, buying for the best prices whatever the increasingly sophisticated Spanish consumers want. Areces can do that only at some cost to his manufacturing operations.

A.G.E./Woodfin Camp

Ramón Areces

Areces is looking beyond Spain's borders. One possibility is resurgent Portugal. And since 1981 he has owned southern California retailer Harris Co., a seven-store chain in high-growth San Bernadino with 1988 sales of $89 million. Whatever his plans, he won't lack for financing. El Corte builds and owns all its stores, nearly all of which are in prime downtown locations. "No bank is a major lender to that company," says one analyst close to the company. "They can finance most things themselves." Many analysts put Areces' worth north of $5 billion. FORBES is persuaded $2 billion-plus for El Corte Inglés alone is safe.

What will happen to this empire when Areces—a widower who, says a company spokesman, has no children—is gone? Rumors abound, but according to one source, the Don Ramón Areces Foundation, which offers research grants, could inherit the company.

Alas, not much reliable is said about Areces, except that he is Spain's richest man.—**Katherine Weisman**

SWEDEN

HANS AND GAD RAUSING

And Now, Famous Amos

Tetra Pak Group, built on a unique system of packaging that keeps milk (and other perishable liquids) unrefrigerated on store shelves for weeks or months, has a simple motto coined by company founder Ruben Rausing, Hans and Gad's father: "A package should save more than it costs." Tetra Paks save enough to generate worldwide sales of $3 billion and a history of profit levels (lately unreported) that suggests the Rausings own a company worth maybe $7 billion.

Their chief executive, Bertil Hagman (Hans is chairman of the board; Gad teaches archeology at the University of Lund), insists Tetra Pak is a Swedish company. Given that the Rausings reside in the U.K., the company is registered in the Netherlands and headquartered in Lausanne, Switzerland, who would argue otherwise?

Tetra Pak remains strongest in Europe, where Hans has spearheaded early discussions with Soviet officials on joint ventures, including a fruit

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THE NEW SPIRIT OF DODGE
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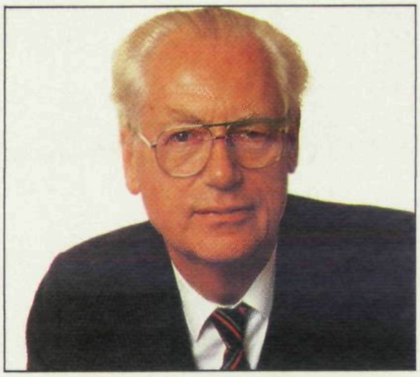
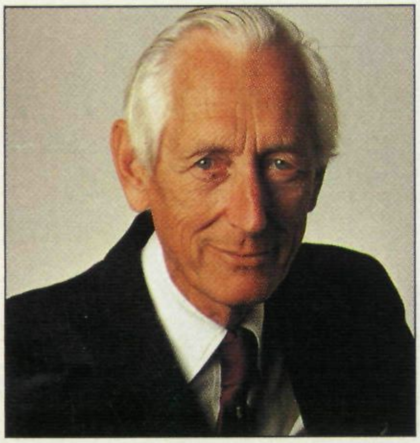
*See this powertrain limited warranty and its restrictions at dealer. **Based on comparably equipped sticker price comparisons vs. Ward's full-size segment. Sticker price excludes tax, destination charge and options.
BUCKLE UP FOR SAFETY.



Hans Rausing



Gad Rausing

juice packaging plant in Lipetsk and a packaging materials plant in Kiev. The U.S. division, established in 1977, is making slow but steady inroads, as the list of products using Tetra Pak aseptic cartons grows (except for milk; Americans don't seem to like the taste of the sterilized milk required). Look for Gatorade, Southern Comfort egg nog (liquorless), White Rock fruit drinks and Famous Amos Chocolate Flavoured Drink to join several brands of fruit juice for kids, Minute Maid products and Lipton Iced Tea.—**Philip Glouchevitch**

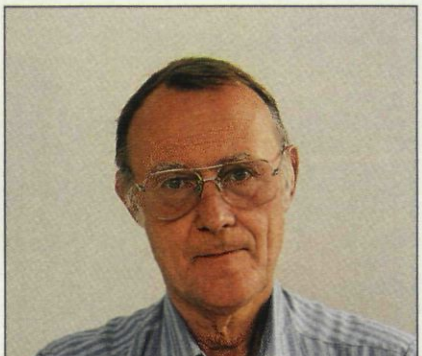
INGVAR KAMPRAD
California Bound

The Ikea company is like its founder-owner and the Scandinavian furniture he sells: simple, with an emphasis on fundamentals.

From the first store opened by Ingvar Kamprad in the small Swedish town of Almhult in 1953, Ikea has grown to some 80 outlets in 20 countries; 1988 sales grew over 13%, to $2.3 billion, and expansion continues apace as far afield as the U.S. and the U.S.S.R. In the U.S., besides stores outside Washington, D.C., Baltimore and Philadelphia, two are planned, near Pittsburgh and Elizabeth, N.J.

A copycat outfit named Stor has popped up in California. Imitation may be the sincerest form of flattery, but not to Ikea, whose federal lawsuit claims copyright and trademark infringement and, for good measure, unfair competition. Trial is scheduled for September. It is not clear when the first California Ikea will open, but there's no question Kamprad has coast-to-coast ambitions.

The Russian connection is a lot smaller, as befits a struggling less developed country with a backward economy and nonconvertible currency. No stores, but a new factory with Swedish machines and low-wage Soviet workers in the town of Priozersk to produce karel pine furniture for export to a developed country—Sweden. Plans are under way to open a store in Budapest in 1990 or 1991, the first in Eastern Europe.



Ingvar Kamprad

Meanwhile, Kamprad, 63, has turned daily operations over to President Anders Moburg, but retains control through a Dutch foundation from his comfortable tax exile in Switzerland, where he also runs Ikano, the family holding company that handles Ikea's credit card business, owns land under Ikea stores and makes other investments.

His net worth is easily over $2 billion.—**Philip Glouchevitch**

FREDRIK LUNDBERG AND FAMILY
How Buying Swedish Works

★ For the Lundberg family the road to riches led first to real estate and then to the Swedish stock market. Lundbergforetagen, founded in 1944 by Fredrik's father, Lars Erik, began as a building contractor. It got rich enough to start holding on to what it built in the late 1950s. Today, father, at 69, is chairman of the board, and the chief executive since 1981 is Fredrik, now 38 years old.

Fredrik, with a degree in civil engineering and one in business administration from the Stockholm School of Economics, has changed things. He sold some stock to the public in 1983 to enable him to buy out the half-interest of his sister, Eva Holmren Larsson. She took 930 million kronor in 1984 ($143 million at today's rates) and moved to the U.K.

Fredrik, whose preferred shares give him 90% voting control, looked around. He knew real estate, didn't much like what he saw in Sweden, but at the time a Swedish law (since repealed) forbade Swedish real estate companies from owning property outside the country. Not to worry: "It was obvious that the Swedish stock market was very undervalued," says Fredrik.

The Lundbergforetagen company soon had large stakes in Alfa Laval (agro-industrial), Incentive (conglomerate of medium-size industrial companies), Siab (building), Modo (newly formed pulp and paper company) and Ostgota Enskilda Bank (150-year-old regional bank that has begun to "outgrow its region"). A Swedish bull market ensued: The portfolio is now worth over 6 billion kronor, just under $1 billion, and the company's own stock has nearly tripled in the last five years.

Fredrik also still presides over almost 4 million square feet of residential and commercial real estate in Stockholm and other Swedish cities worth roughly $1.2 billion. His Lundbergforetagen shares fall slightly short of $1 billion, but the premium for his control would easily put Fredrik alone over the mark, according to Sven-Ivan Sundqvist, an authority on Swedish business, even without sister Eva's nest egg in the family.

Despite the tremendous runup, Lundberg doesn't think the Swedish stock market is too high. He says he plans to continue investing. But he hasn't forgotten his real estate roots. Like many other rich Swedes, Fredrik finally moved into tax exile near Zurich three years ago with his wife and two young children. He recently established a Dutch holding company, out of Sweden's reach, which already has several real estate investments on the continent and is poised to make more.—**Philip Glouchevitch**