GERMANY

SIEGFRIED OTTO

He makes money

Siegfried Otto really knows how to make money. No relation to Werner Otto and his family *(which see),* Siegfried, 75, owns the world's leading printer of bank notes, Giesecke & Devrient GmbH. Its principal papermaking facility, a heavily guarded plant in Bavaria, is considered the best of its kind in the world, implanting special watermarks and secret threads.

Stephanie Pflug/Munich press

Siegfried Otto

Business is booming. An initial 40 billion new deutsche marks must be run off to service the East German currency reform. How profitable is Giesecke & Devrient? The comparable but state-owned and presumably less efficient German money printer in Berlin shows margins of 12.7%. G&D should do at least as well as that, on revenues believed to be about $750 million.

G&D was founded in 1852 in Leipzig, and began making bank notes in 1854 for the Weimar bank. The company was destroyed in World War II, but in 1948 Otto revived it and moved operations to West Germany. Last year Otto bought out most of the remaining family members who still held minor shares.

DASSLER FAMILY

Sad ending?

In the late Horst Dassler's luxurious guest house in the Alsatian town of Landersheim, athletes, sport dignitaries and journalists used to cut deals. Dassler was criticized for buying sports champions with his money until his death three years ago, even as the head of Adidas turned amateur sports and running shoes into the biggest sporting goods company in the world—1989 sales were $1.9 billion, plus licensing and royalty revenues of some $800 million.

Horst Dassler constantly cultivated sports contacts—and it paid off. At a typical Olympics the three-stripe label graces, on average, 75% of the athletes. But back in his little German hometown of Herzogenaurach were people he couldn't cultivate—the other branch of the Dassler family and their Puma label. Horst's father, Adolf, and his uncle, Rudolf, split after an argument in 1948, and Rudolf founded Puma on the other side of the town's Aurach brook. Horst, Adolf's only son, built Adidas into a world player but did not take control until the death of his parents in 1985—only to die two years later at the age of 51. Since then Adidas has been hurting. The company lost money in 1989. Now the heirs want to take it public.

CHANTAL GRUNDIG

Love, death and Stiftungs

The so-called Lion of Furth, Max Grundig, died last December at 81, and his fortune passed to his 41-year-old widow, Chantal, with nary a pfennig in taxes. He had set up the Grundig Stiftung, or foundation, strictly to shelter his stakes in Dutch electronics giant N.V. Philips (6%) and Grundig A.G. (68%) and his four luxury hotels from inheritance tax. Chantal is the foundation's chief executive.

The widow received her first Grundig—a radio—at age 16. By then Max was a living legend in Germany. He made radios in the 1930s, and, after the war, do-it-yourself radio kits that got around an Allied Occupation ban. From that grew his full-scale electronics concern. He obstinately tried to create a European standard for VCRs but was swamped by Asian competition. Philips bailed him out in 1984 but exacted voting control.

Chantal Grundig Andrea Schick/Bunte

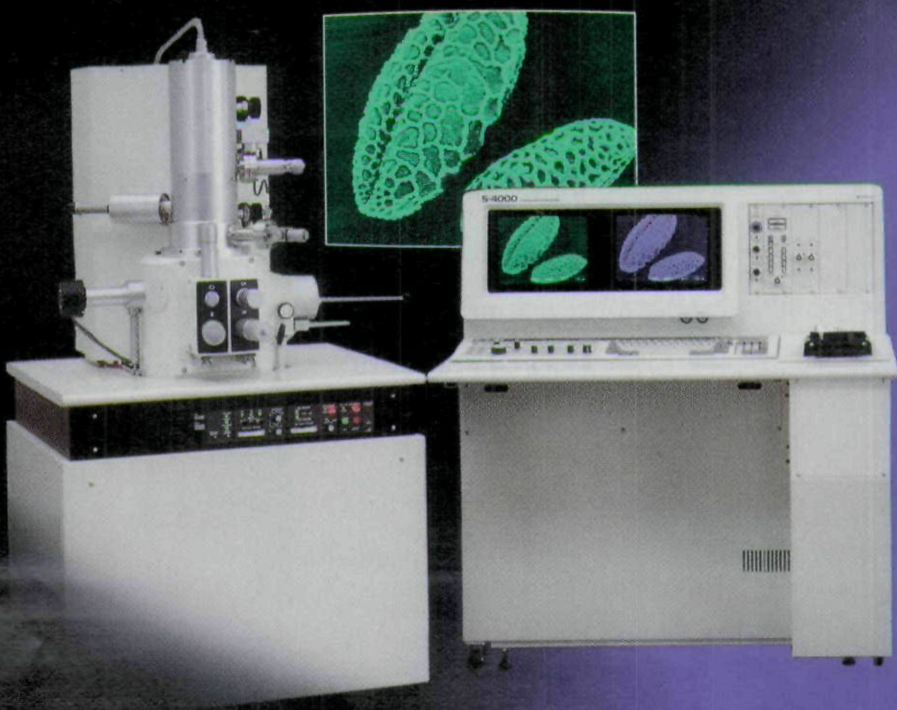
Max met Chantal when he was looking for an assistant for his first wife, to whom he had been married 40 years. Chantal, from French-German Alsace, was to teach Mrs. Grundig French and accompany her on trips. Wife number one lost both a husband and a fortune (aside from a divorce settlement) when Chantal became pregnant. Max and Chantal's daughter, Maria Alexandra, now 10, was born when Grundig was 71. He also adopted Chantal's grown daughter Valérie from a previous marriage. Today Valérie and husband Stefan Lauda run the Grundig luxury hotel in Fuschl, Germany.—**Philip Glouchevitch**

HANS GERLING

Remember Herstatt Bank?

Who could forget? It took Hans Gerling 12 years to reverse the 1974 disaster that nearly destroyed him and reverberated around the world. But in 1986 he did it: He bought back control of his family in-

Electron gun technology may not be a household word . . .



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*US$44,797 million; net sales for the year ending March 31, 1990. US$1=¥158.

HITACHI

Hitachi, Ltd. Tokyo, Japan

surance company, Gerling A.G., Germany's fourth-largest insurer.

Herstatt Bank, 81% owned by Gerling, failed because of currency speculation. To satisfy creditors, Gerling had to sell 51% of the family business to an investor group, which later sold out to Gerling's pal Friedrich Karl Flick *(which see).*

Almost from the start of the affair, Gerling was out to buy back control. When Flick sold his industrial empire in 1986 he agreed to sell Gerling back control of his company.

The insurance business—organized into four separate companies today—

Wolf Prange

Hans Gerling

has been Gerling's whole life. Now 75, he's put the past behind him to the tune of building a net worth that may exceed $2 billion.

Ferdinand (Ferry) Porsche

Wolf Prange

PORSCHE FAMILY

More Porsches than one

If they wanted to, the Porsches could be a lot richer than they already are. They need only give in and sell their Stuttgart-based sports car maker to the Japanese or American car companies waving billion-dollar buyouts at them. But that is unlikely for the Austrian-German clan so long as Ferdinand (Ferry) Porsche is still alive. The 80-year-old patriarch has retired to honorary chairman of the board but still holds tight rein on the family shareholders, who a few years ago openly squabbled over power and money.

Each family member has one-ninth of Porsche A.G.'s shares. Members include Ferry's sister Louise Piech, born Porsche and now 85, and Ferry's three sons: the 55-year-old Ferdinand Alexander (Butzi), successful designer and successor to his father's job as chairman of Porsche A.G.; Hans-Peter, 50, partner in Butzi's design studio; and Wolfgang (Wolfi), 47, exclusive dealer of Yamaha motorbikes in Austria and France.

The car company is only one side of the family's wealth. The other jewel is far less known: Porsche Holding in Salzburg. The far-reaching conglomerate—which Louise Piech, despite her considerable age, runs with a firm hand—has DM 3.5 billion in sales, more even than the DM 2.5 billion of the car company. The largest private holding company in Austria is general importer of Volkswagen, Porsche and Audi; runs a chain of stores; has fingers in leasing, financing and insurance; owns Stuttgart-based data processor Taylorix and, lest we forget, Schmittenhohenbahn A.G., the most profitable cable-car lift in Austria. The family is worth over $1 billion.

REIMANN FAMILY

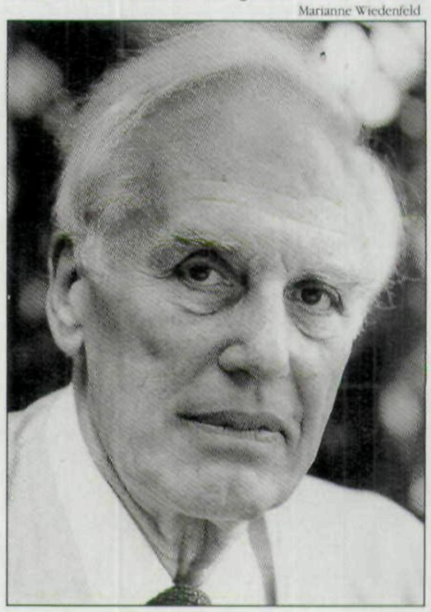
Calgon's heritage

The familiar Calgon brand of water softeners and bathwater additives has an unfamiliar origin: the Reimann family, owners of Joh. A. Benckiser GmbH, a maker of detergents and other cleaning chemicals. It's lately been busy acquiring European companies in that business and in cosmetics.

In May the firm paid $355 million to SmithKline Beecham for well-known European cosmetics companies such as Lancaster and Margaret Astor. Prior to that, Benckiser had acquired consumer products companies in Spain and Italy. With the acquisitions have come rapid growth: In 1988 the company reported cash flow of some $120 million; just in the first half of last year, it reached an impressive $130 million.

Founded in 1823, Benckiser is Germany's oldest chemicals company. Since the death of patriarch Albert

Marianne Wiedenfeld

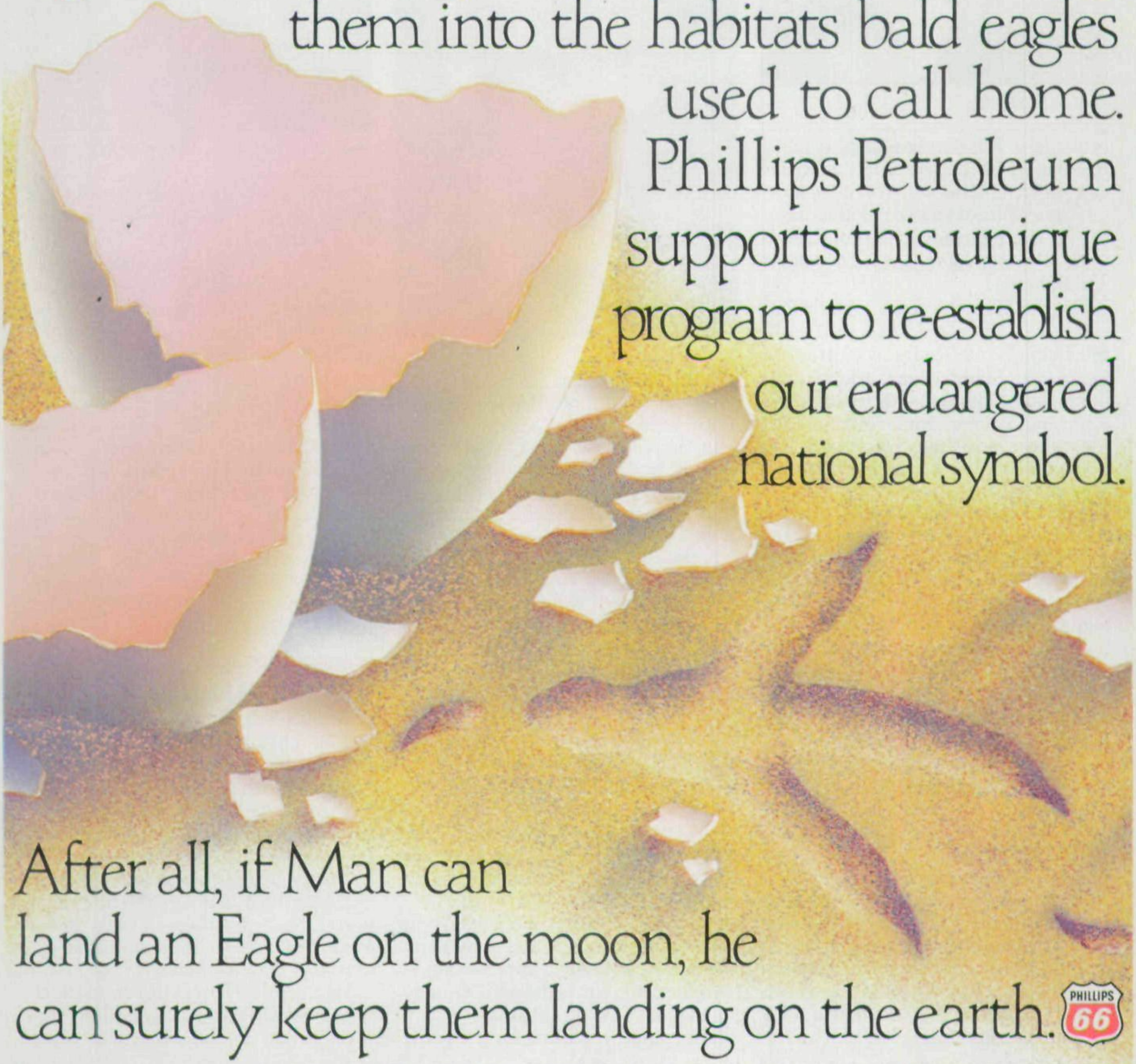


Albert Reimann

Reimann six years ago his nephew Gerd Reimann-Dubbers has headed the supervisory board. Until a few years ago the company's mainstay product was citric acid, but the new generation is clearly consumer-oriented. You may hear more from them in the future: For $106 million, the company recently bought back the U.S. rights to its Calgon brand, again from SmithKline Beecham.

The eagle has landed.

In Oklahoma and Mississippi. Georgia and Alabama. Where few bald eagle nests have produced young in the last 50 years. Using precious eggs and dedicated effort, the Sutton Avian Research Center is successfully raising eaglets from fuzzy to fierce. And releasing them into the habitats bald eagles used to call home. Phillips Petroleum supports this unique program to re-establish our endangered national symbol.



After all, if Man can land an Eagle on the moon, he can surely keep them landing on the earth.

For more information, contact the George Miksch Sutton Avian Research Center, Inc., P.O. Box 2007, Bartlesville, OK 74005, (918) 336-7778.

GRETE SCHICKEDANZ

Looking to the East

Schickedanz took over the company founded by her husband shortly after the war, and took advantage of postwar reconstruction in Germany to make her catalog business mushroom. Now she'll try to do it again in Eastern Europe and the Soviet Union, where reconstruction of a different sort is under way. A joint venture with two Soviet partners has Quelle

Staedle/DPA

Grete Schickedanz

printing a Russian-language catalog. Russians with convertible currencies can order, Quelle will truck to Moscow, and the Soviets will deliver from there. There already are similar deals with Poland, Hungary, Yugoslavia and Bulgaria.

On the Western front, Quelle has catalogs in Spain and Wisconsin and a television home shopping venture in Germany. Schickedanz rounds out her family holdings with retail stores Sinn and Leffers, some manufacturing, the Coca-Cola concession for northern Bavaria and financial services.

For Grete Schickedanz, 78, owning the family mail-order business means not having to be second-guessed. Last year she abruptly replaced her 46-year-old chief executive officer, who had come from McKinsey & Co. The lively widow, who is said to choose the Quelle catalog models personally, wants to prune the specialized retail stores of non-Quelle names like Technorama (electronics) and put back the emphasis on the successful Quelle logo.—**Philip Glouchevitch**

OTTO FAMILY

Seeking rich markets

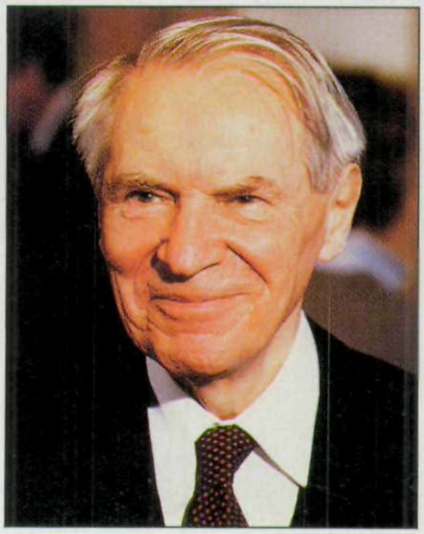
At 80, Werner Otto is a living reminder of Germany's postwar economic miracle. He came to Hamburg from what is today East Germany to start Otto Versand, now the world's largest mail-order house ($7.8 billion sales). Unlike the Schickedanzes, the Ottos aren't overly excited about those new Eastern European markets yet.

They want sophisticated markets, with working telephones and postal systems. Plenty of credit cards. Reliable deliveries. And lots of affluent, busy people with no time to shop who will pay for mail-order convenience.

So Otto Versand, now run by son Michael, 47, is concentrating on Western Europe, the U.S. and Japan.

It is even taking a flier in Great Britain, the last major European market without an Otto presence. It has a joint venture with a British card com-

Rehder/DPA



Werner Otto

pany to market affordable women's clothes via catalog.

In the U.S., the Otto family owns 87% of Spiegel, which owns Honeybee and Eddie Bauer. The Japanese subsidiary, Otto Sumisho, founded in 1986, is still losing money.

Between the company and substantial real estate in North America, the Ottos are worth well over $2 billion. Having been poor in postwar Germany, can they be blamed for liking rich markets better than "developing" ones?—**Philip Glouchevitch**

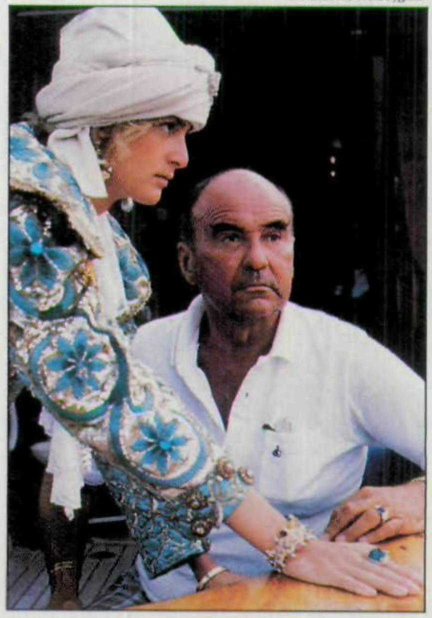
PRINCE JOHANNES VON THURN UND TAXIS

Not nouveau riche

Last January von Thurn und Taxis celebrated the 500th anniversary of the founding of the postal monopoly his clan controlled until 1867, when Prussia took it in exchange for large tracts of land. Much of that land was seized without compensation by communist regimes in East Germany, Poland and Czechoslovakia.

The prince is waiting for the political situations in those countries to clear up before pursuing any claim on the land. He remains West Germany's largest landowner, and has industrial

Helmut Newton/Sygma



Prince, Princess von Thurn und Taxis

and financial enterprises, mostly run by Helge Petersen, former adviser to the Quandts.

Petersen is further expanding the prince's financial services operation, which is geared toward wealthy investors like the prince. To the cornerstone Fürst Thurn und Taxis Bank (total assets just under $600 million), he's added Munich business consultants WMK Beteiligungsberatung GmbH, a new real estate leasing company, a Munich brokerage, a Düsseldorf-based real estate company and, in the U.S., 37% of Philadelphia securities house Butcher & Co. On the industrial side, there are the prince's two electrical equipment companies, a brewery and Bavarian lumber mills.—**Philip Glouchevitch**

HENKEL FAMILY

It pays to advertise

Henkel KGaA has already been investing in East Germany for decades—via the airwaves. Its well-known brand-name household detergents and cosmetics are all advertised on West German TV, watched avidly by many of East Germany's 17 million deprived consumers all these years. In a business where brand awareness is key, they are eager potential new customers.

Meanwhile, Henkel has dramatically increased foreign acquisitions and investments in the past three years.

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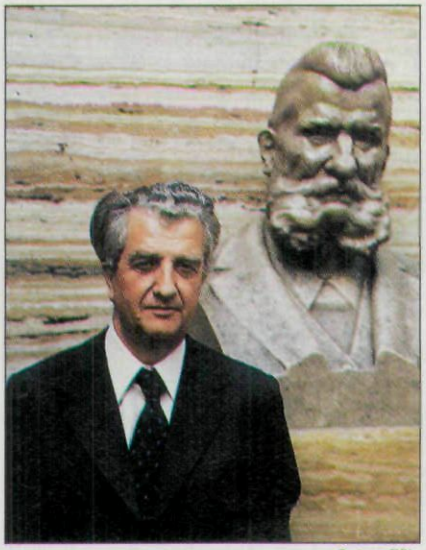

Konrad Henkel Ossinger/DPA

The most recent is a 12% stake in St. Paul, Minn.-based Ecolab, which produces specialty chemicals. Henkel also has longstanding stakes in the U.S.' Loctite (26%) and Clorox (26%). All of their investments in the U.S., the U.K., France and Spain have come almost entirely from cash flow or new equity raised strictly through nonvoting shares. Little or no debt. The 300-plus-member family, headed by 74-year-old Konrad Henkel, is keeping a lock on the voting shares until at least the year 2000.

The Henkel family fortune began in 1876 with a household bleach. In 1907 Henkel introduced its famous Persil detergent. Later came more cleaning products, adhesives and cosmetics. Now comes the long-awaited return to East Germany.—**Philip Glouchevitch**

HAINDL FAMILY

Out to paper the East

If you read a morning paper in Germany, chances are it is printed on paper from Haindl Papier GmbH: The Bavarian family-run company has become one of the largest suppliers of newsprint in Europe (revenues, $1.3 billion). This is an old-line outfit: founded in 1849, based in Augsburg, and still run by members of the original clan, whose worth is just over $1 billion. They once just supplied raw wood but have long since been vertically integrated. Today they're working environmentalism into their operations: They are the largest recyclers of paper in Europe, processing 400,000 tons of old paper a year. They turned the company-owned airplane into a small regional airline running daily between Augsburg, Hamburg and Düsseldorf.

They are also active outside West Germany: On the West Coast of the U.S. they own sister paper company Port Townsend Corp. There are factories in Holland and Austria and a paper wholesaler in New York. And now, through a joint venture, Haindl newsprint—a necessity to freedom of the press—will soon be available in East Germany.

ALBRECHT FAMILY

Bare-bones approach

Poor people have to buy cheaply, rich people like to." It's an adage that's worked well for the Albrechts, Karl, 70, and Theo, 68, the discount supermarket magnates. Not just in Germany, but in the U.S. Since 1976 their Aldi chain has grown to over 225 stores. The brothers aren't forthcoming, but some estimates put Aldi's U.S. sales at $500 million per annum.

Aldi stores don't have fresh produce or meat, just five or so aisles of boxes containing some 500 basic products, mostly low-priced canned and dry goods. The stores, all built by the same construction company off a standard blueprint, thrive mostly in smaller cities and towns from Kansas to Ohio.

The brothers first shaped their methods in postwar Germany. They now have stores in Austria, Belgium, Holland and England. As for Eastern Europe, "the Aldi concept is the most logical," according to Barrington, Ill. supermarket consultant Willard Bishop Jr. And Theo has 11% of Idaho-based Albertson's, worth some $500 million.—**Philip Glouchevitch**

ERIVAN HAUB

Opportunity lies abroad

Margins are reportedly getting thin for Tengelmann Group, Germany's biggest supermarket group (1989 revenues, $22 billion). It was rebuffed by the cartel commission last fall in its effort to acquire Gottlieb, another German chain. So owner Erivan Haub, 57, looks abroad for growth.

A bid by 52%-owned A&P for Britain's Gateway Plc. failed. But A&P wound up with 20% of rival bidder Isosceles, a consortium that includes Gateway executives and London's S.G. Warburg bank. Tengelmann itself won the bidding (against the likes of Silvio Berlusconi) for a minority interest in the Italian family-owned Superal SRL supermarket chain in Tuscany. Superal has 28 stores with almost $400 million in sales and is looking to expand.

In the East, Tengelmann bought 21% of Hungary's Skala Coop, which sells everything from clothes to flatirons to food in some 500 stores.

Tengelmann's other foreign holdings are the Lowa chain in Austria and Herman's in Holland. Rounding out the German investments are the Kaisers Kaffee and Obi chains. All told, the Haub supermarket empire, a family business that was founded in 1876, is today worth over $5 billion, worldwide.—**Philip Glouchevitch**

Wolf Prange

Erivan Haub

ROCHLING FAMILY

After steel, what?

In Germany, the Röchling name means German steel. Ever since Carl Röchling inherited an ailing ironworks in Volklingen, in 1881, the onetime coal merchant family has been on the ascent. Carl's son Herman was the Kaiser's arms adviser, and was later commissioned by Hitler to arrange war financing. After World War II the family bought Rheinmetall A.G., which had manufactured steel used in tanks for the Third Reich armies. Herman also fought for the restitution from France of the industrial Saar region, until he died in 1955.

Today the diversified manufacturing group—still heavily in steel—is owned by a 150-member family. The family still has about two-thirds of the voting shares of now-public Rheinmetall; other steel assets were sold and the proceeds invested by nonfamily professional managers in

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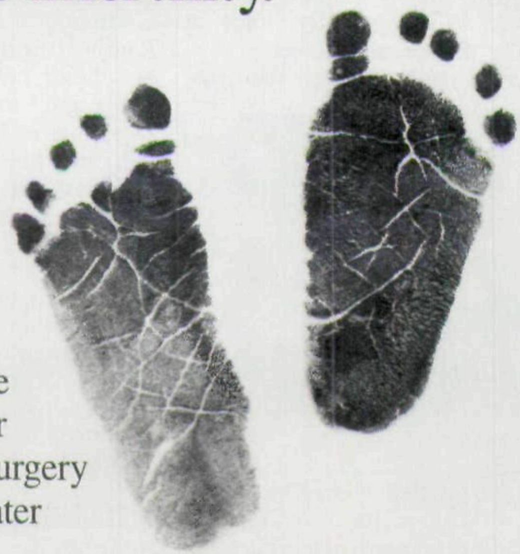
Jamie Conlon's first step proves NEC's laser technology can help solve infertility.



Jamie Elizabeth Conlon is living proof of the great strides medicine is making towards reducing America's rising infertility rate.

Twelve years before Jamie's birth, Claire Conlon experienced a series of medical difficulties that convinced her she would never bear children. But in October of 1987 she was told that Contact Laser™ surgery might correct her problem. Two months later she was pregnant.

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growth businesses. In 1988 they took over Bergmann-Electrizitäts-Werke A.G., a holding company, and are now merging it with their telephone-switching manufacturer DeTeWe. With steel long since a slow-growth industry, the Röchling family is betting on high-tech plastics and electronics for the early 21st century, the way it bet on steel for the early 20th.

QUANDT FAMILY

Would you sell BMW?

After seven straight record years, BMW should certainly fetch a high price. Rumors abound. But Johanna Quandt, 63, shows no signs of selling her family's majority stake—around 60%. She still personally holds at least 20% of the family jewel.

The jewel itself has been acquiring small, car-related companies. The plan is to stick to its top-of-the-line cars, which in future will contain ever more sophisticated electronics. So BMW has invested in a dozen small companies through U.S. and German venture capital firms and has acquired Munich's Kontron Elektronik GmbH ($175 million sales) from Switzerland's Roche to automate production.

Wolf Prange

Herbert Quandt

Johanna is the third wife and now widow of Herbert Quandt, who bought into and bailed out near-bankrupt BMW in 1960. Herbert's half-brother, Harald Quandt, died in a 1967 plane crash. The family includes Harald's widow, Inge, and five daughters. Herbert had a daughter from a first marriage, three children from a second marriage, and, with Johanna, Suzanne, 27, and Stephan, 24. The combined Quandt fortunes total at least $5 billion.—**Philip Glouchevitch**

OTTO BEISHEIM

Keeping one step ahead

If you can get enough of a head start, it may not matter if your competitors eventually catch you. Consider Otto Beisheim, who built up his "wholesale" empire of Metro stores from 1964 and sold heavily to retail customers. As a "wholesaler," Metro ignored Germany's silly store-closing law for retailers. Beisheim made a vast fortune by, among other things, staying open until 9:00 p.m. while retail competitors closed at 6:30. He simply handed out the required special wholesaler's entrance pass to anyone who asked. Finally, last November, the German Retail Trade Association got the courts to order Metro to close at the same time or else keep a closer eye on the door.

Is Otto on the ropes? Of course not. He prepared long ago for this inevitable day by diversifying widely throughout Europe and the U.S. In Germany, Metro controls 50% of Kaufhof (the number two conventional retailer behind Karstadt), Huma/Suma and Primus Meister supermarkets, and, in Switzerland, 60% of the Pelikan office supply company. There are travel services, insurance and even a new money market fund. In the U.S. he has the Jetro cash-and-carry stores.

Beisheim, 66, keeps homes in Lugano, Switzerland, Bal Harbor, Fla. and Rottach-Eggern in Germany, and oversees Metro through holding companies in Switzerland, Liechtenstein and the U.S.—**Philip Glouchevitch**

WILLI LEIBBRAND

Not gone yet

☆ Competitors have been hoping the man sometimes called Germany's king of retailing would retire. Far from it. In 1989 Willi Leibbrand sold his remaining 50% in his 3,000 discount outlets Rewe-Leibbrand OHG. But he used the money to buy 25% of Rewe-Zentrale A.G., and is staying on the board with this key holding.

His climb to Germany's second-largest supermarket chain—past Aldi, Karstadt and Tengelmann, if still behind Metro—began in the early 1960s. He inherited a wholesale company that delivered to mom-and-pop stores. He then opened "reasonably priced neighborhood stores for everyday use." The stores became a chain, with the rallying cry, "A new store every other day." He swallowed other discounters, then added chains of stores selling electronics, jewelry and carpets. In recent years the Leibbrand businesses reached the $15 billion sales mark, but margins have been shrinking—with everyone else's.

Even though he's sold out his majority share in the company, the competitors have little hope of being rid of him soon: By contract he must retire from the Rewe board by age 70. But that's not until the year 2003.

WILHELM AND AUGUST VON FINCK

Tax planning

Under recent West German tax reform, the top income tax rate dropped to 53% from 56%; the top corporate rate fell from 56% to 50%. The bad news is that since January certain capital gains on large holdings have been taxed at the 53% maximum rate instead of at a preferential 28% rate.

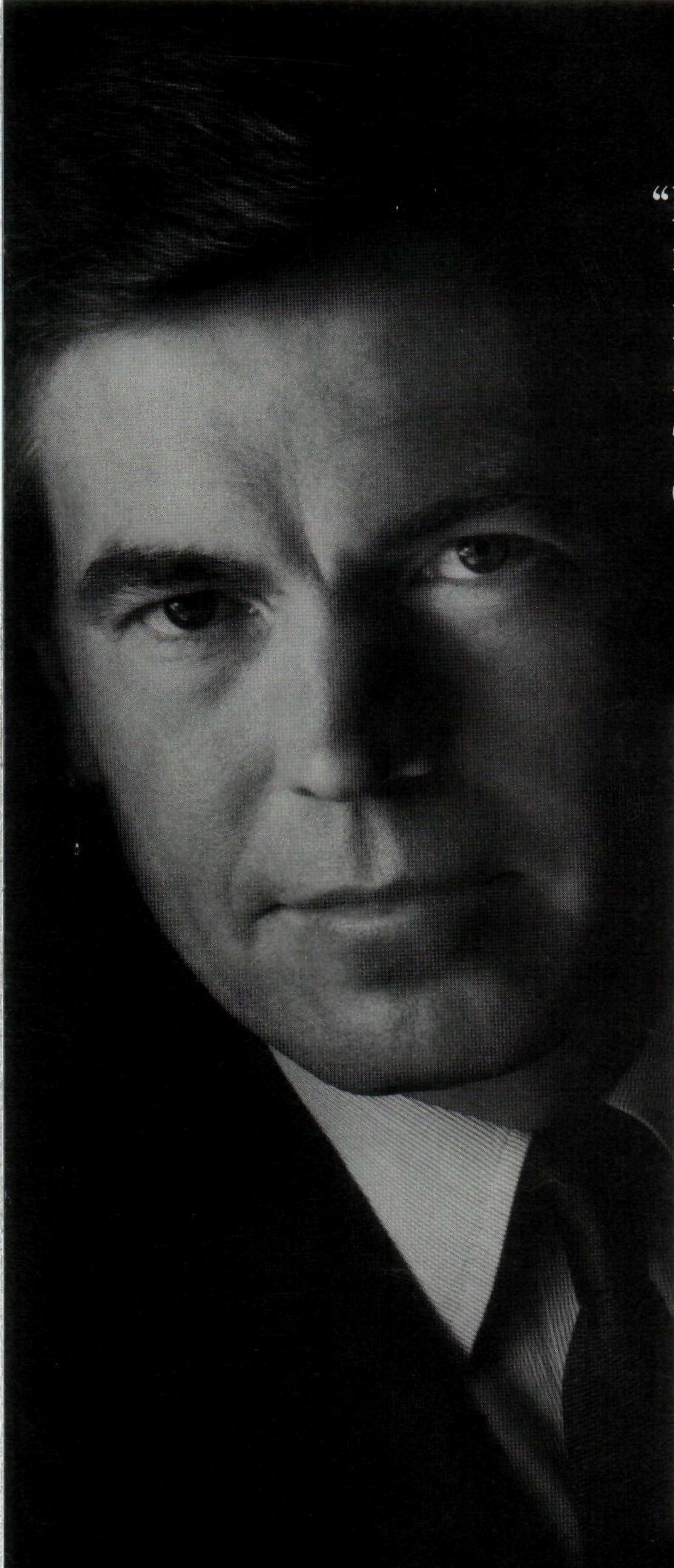
Wolf Prange

August von Finck

Wilhelm von Finck

Wolf Prange

For Wilhelm, 62, and August von Finck, 60, whose private bank, Merck, Finck & Co., holds industrial and property assets dating back to the last century, the new capital gains schedule is worth hundreds of millions of dollars. To mitigate the impact on their estates, the brothers exchanged properties among their various subsidiaries last year. The only other way to write up the securities would have been to transform Merck, Finck & Co.—West Germany's second-largest private bank—into a public stock company. But the von Fincks want to be private bankers, the better to keep their very substantial wealth from public view.



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—Richard Secrist
Executive and Entrepreneur

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The brothers' $3 billion-plus visible investment portfolio faces more obstacles before it goes to their heirs (Wilhelm has one child and August has four). There will still be a 35% inheritance tax eventually. On a happier note, the 10,000 acres of mostly undeveloped von Finck land around Munich will be taxed at only 10% of market value.—**Philip Glouchevitch**

HEINZ BAUER

Now, cross-border ad breaks

You really know the world's going global when a publisher gives discounts to advertisers across national borders. Bauer Verlag, Heinz Bauer's once strictly German house, now gives advertisers a 15% discount for ads put in all four of Bauer's women's fashion magazines. Only two (*Tina* and *Bella*) are German, while *Maxi* is French and another *Bella* is English. The break applies even if the ad is varied to suit the different national psyches.

In the U.S., where Bauer publishes *Woman's World* and *First for Women*, Bauer is introducing the common English practice of giving agencies volume discounts—to draw smaller advertisers, whose ads get cheaper when pooled with other ads through the same agency.

Bauer, 50, is a longtime border crosser. Aside from his 40-magazine publishing empire, his diversifications include Optyl, which supplies the world with the fancy designer sunglasses created by Porsche Carrera and Christian Dior, and Winn's, a 230-store discount chain in Texas.

But the key asset remains *Hören und Sehen*, Germany's version of *TV Guide*. It and his two other program guides account for one-third of the publishing revenues. The family company was founded in 1875 by Heinz' grandfather.—**Philip Glouchevitch**

MOHN FAMILY

Make profits, not empires

Reinhard Mohn, 70, no longer runs family-owned media giant Bertelsmann A.G. day to day. But his ideas do: Mohn seeks to reconcile the often divergent objectives of owners and their managers, who he says like to empire-build, even at the expense of profits. So certain Bertelsmann managers will soon be able to invest their own money, within limits, in their divisions—for returns determined by profits.

While chairman and patriarch Mohn focuses on such strategies, Chief Executive Markus Wössner sticks to the core businesses—book and record clubs and 70%-owned Grüner & Jahr, a magazine publisher in Europe; Doubleday publishing and RCA Records in the U.S. There are small projects in the works: a German cable channel and a laser videodisc venture. East Germany? A book club previously test-marketed in Dresden begins this year.

Tschauner/DPA

Reinhard Mohn

At $6.7 billion revenues and $206 million 1989 profits, things have come a long way since 1835, when Carl Bertelsmann first published religious books. Reinhard, the fifth generation, has passed to son Johannes a majority of the shares, plus stock to his wife and five other children. He has kept a single DM 500 share that has all the votes, which will eventually go to the nonprofit Bertelsmann Foundation.—**Philip Glouchevitch**

BOSCH FAMILY

World's richest eight-percenters

Privately owned Robert Bosch GmbH is Germany's ninth-largest industrial company, known worldwide for spark plugs, ABS brakes, and other auto components. In 1989 worldwide sales were $18 billion.

Robert Bosch (1861-1942) was the son of a farmer from the Stuttgart region. At age 25, he founded his own manufacturing company and infused it with a quality-first philosophy. His motto: "Better to lose money than trust." His contemporaries taunted him in 1906 for introducing the eight-hour workday in his factories. He donated his company's earnings from World War I, some 10 million marks, to the Weimar Republic. Bosch also built housing projects and hospitals in Stuttgart.

His son Robert Jr., now 62, succeeded his father as manager of the company, and ran it until 1971, when he left (he was 43) and began studying psychology. He founded workshops for handicapped people, psychotherapeutic youth clinics and geriatric centers. He and his family put the bulk of their ownership of the giant company into the Robert Bosch Stiftung GmbH charitable foundation in 1964, keeping only 12%. They have since reduced their share to 8%. But their namesake company's cash flow is so huge (over $1.6 billion in 1989 and growing), even their 8% remnant is worth over $1 billion.

HERZ FAMILY

Changing times

Things are different these days at the famed Tchibo Frisch Rost Kaffee retailing chain. Last year for the first time the bulk of the company's sales ($3.1 billion) came not from the Herz family's coffee-and-sundries business but from consolidating the controlling 60% stake in tobacco company Reemtsma Cigarettenfabrik GmbH. The company also has a 26% stake in Beiersdorf A.G., which makes Nivea skin care products. Coffee store profits fell to $39 million from 1988's $41 million, as raw material prices rose and competition became cutthroat.

Against this backdrop came a family drama of sorts. Michael Herz, 46, who had helped run the coffee chain that's the origin of the family fortune, resigned last November. With younger brother Wolfgang, 39 (who also left), he has acquired Blume 2000, a Hamburg flower distributor with 40 outlets. That leaves eldest brother Gunter, 49, and longtime associate Horst Pastuszek, 63, running Tchibo. All three brothers, two other siblings and their widowed mother remain shareholders.

Meanwhile, the last brewery holding, 90% of profitable Bavaria St. Pauli, was sold for a reported $235 million. The cash seems headed to cigarettes: Management sees growth potential when trade barriers fall in 1992.—**Philip Glouchevitch**

ERICH BROST AND FAMILY

World's most capitalistic socialist

Prior to World War II, Erich Brost was editor of the Socialist Party newspaper, *Danziger Stimme* (Voice of Danzig). After the war he got together with archconservative Jakob

Taking imaginations for a ride

It's the Loch Ness Monster roller coaster . . . a wild sports car chase through the streets of Paris . . . an intergalactic Starfighter. The SR2 simulator is all those things and much more, thanks to a unique motion-control system using advanced electrohydraulic components from Parker.

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Manufactured by Doron Precision Systems, Inc., the SR2 simulator is a stationary unit capable of creating the sensation of virtually any ground, water, or air/space vehicle. Since 1978, millions of people have enjoyed the various thrilling SR2's experiences in over 15 countries throughout the world.

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Parker systems help make the experience real

By working closely with Doron at the initial design stages, Parker was able to develop and manufacture hydraulic components and systems to allow the SR2 a full and exciting range of motion. In addition, Parker supplied the hoses, connectors, filters, cylinders, and many other related products to assure the SR2 of safe, reliable, and economical operation on a demanding daily basis.

Of course, Parker was a logical choice for this important task since our products are already in use on the highly sophisticated flight simulators used to train military and airline pilots.

Dividend performance passes the others

As a $2.38 billion worldwide enterprise, Parker is the largest company in the motion-control industry, with impressive growth potential.

Parker has over 800 product lines in hydraulic, pneumatic, and electromechanical applications. In motion control, no single competitor presents a product line as broad as Parker's.

Our shareholders have benefited from this diversity with 34 consecutive fiscal years of dividend increases and 160 consecutive quarterly dividends.

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A partnership in vital technologies. Parker

Erich Brost Dirk Hoppe/Netzhaut

Funke *(see below)* and founded what grew into today's Westdeutsche Allgemeine Zeitung press empire. The Essen-based media power has a near monopoly on newspapers in the industrialized Ruhr region; its dailies boast total circulation of 1.2 million. WAZ also has stakes in an Austrian newspaper and a broadcast property. Total revenues, around $600 million.

Now 86, Erich Brost still comes to the office every day, accompanied by his wife and former secretary Anneliese, 69. Exactly half the company belongs to him and his family. The other 50% is held by Funke's heirs. One of the company's two chief executives is Erich Schumann, 59, a former attorney for Germany's Socialist Party leadership who was legally adopted by Brost in 1985 and set up as the next heir, after wife Anneliese, to the Brost fortune. (Schumann shares the top job with Günther Grotkamp, the right-hand man of the Funke heirs.)

Brost also has a natural son, Martin, 43; his stock in WAZ was repurchased by his father after the 1987 stock market crash for $235 million and a 12.5% stake in the billionaire Otto family's Otto Versand. Megarich Martin lives the yuppie dream as an organic farmer and physical therapist in the hinterlands of Bavaria.

FUNKE FAMILY

Marriage is thicker than water

☆ When Erich Brost's longtime partner, Jakob Funke, died in 1975, things got complicated in the family. Funke's 50% stake in the Westdeutsche Allgemeine Zeitung media empire was inherited by his four daughters and is comanaged by Günther Grotkamp. A 63-year-old former attorney, Grotkamp worked for Funke from 1960 and became his right-hand man. In 1986 he married Petra, now 47, the youngest daughter of Jakob.

Before the marriage, Grotkamp paid the sisters (Gisela Holthoff, 62; Renate Schubris, 52; Ute Funke, 48; and Petra) a $600,000 yearly stipend. The rest of the copious profits were reinvested in the company. Tired of the small payouts, Ute decided to sell her stock in 1989 and was given $160 million from Grotkamp—although her WAZ share may have been worth twice as much. Grotkamp did better by wife Petra: She got the family's 12.5% stake in Hamburg-based Otto Versand, which was worth at least $150 million, in addition to keeping her ownership stake in the family media company.

Not that the other girls are hurting. The eldest, Gisela, for instance, has enough capital to invest in luxury hotels in Köln and the French town of Annecy, in the French Alps.

JOSEF SCHORGHUBER

Munich's master builder

☆ An "extraordinary sense for business," said Ludwig Huber, Bavaria's ex-finance minister, about Josef Schörghuber, the Munich-based construction and brewery entrepreneur. Indeed. The overweight Bavarian has little time for pinstripes and book-learned management methods: In his shirtsleeves he's put together a billion-dollar business. The core is real estate and a construction business built in the 1950s and 1960s: Since 1954 he's built 15,000 apartments, millions of square feet of office space, and much else.

Düren/DPA

Josef Schörghuber

With hefty support from the banks and Bavaria's ruling conservative party, Schörghuber built a massive housing and office complex called Arabellapark in the eastern section of Munich, where there had once been open fields. There's also Bau-Holding, an umbrella under which the traditional Hacker-Pschorr and Paulaner breweries operate. Schörghuber also owns other important stretches of Munich real estate and is Europe's largest Coca-Cola bottler, as well as the owner of the Arabella hotel chain and an airline leasing company.

For years he's been saying he wants to retire to his farm in the town of Bad Tolz. Last April he turned 70—but he still hasn't retired. So son Stefan will have to wait a while before he can claim his father's seat.

KARL HEINZ KIPP

Five-star investor

When Karl Heinz Kipp switched from German shopkeeper to Swiss hotelier it surely improved room service at the Tschuggen Hotel in Arosa, Switzerland. He moved in four years ago after selling his Massa stores for an aftertax gain of some $700 million and leaving his native Germany. From the top floor of the five-star hotel Kipp keeps an eye on his three other first-class Swiss resort hotels.

Kipp, 66, can well afford his *Guide Michelin* housing. Besides that upfront cash from Germany's Asko chain, Kipp gets $65 million a year for 30 years from the real estate under the stores, which he kept. Kipp also owns some Manhattan properties, looked after by his son Ernst Ludwig, who lives in Annapolis, Md.

He bought the Alfred Massa company in 1948 and built it into a successful textile wholesaler. Foreseeing correctly in 1964 the threat of cheap Asian textiles, he switched to retailing and built the 27 stores selling everything from food to sundries to garden supplies that he finally sold to Asko. Now Otto Beisheim's *(which see)* Metro Group reportedly has talked to Asko about buying them. That would give Massa a new Swiss connection: Beisheim has a house in Lugano.—**Philip Glouchevitch**

OETKER FAMILY

Moving on

Frozen pizza, sparkling wine, breweries, hotels, shipping, banking and insurance may not have synergy, but Rudolf Oetker, 74, and family draw a pretty profit from them anyway. Oetker quit active management nine years ago, but only last year did he transfer partial ownership of the main Oetker food and shipping company to his eight children from three marriages. Eldest son August Oetker, 46, manages the company and has voting control.

Wolf Prange

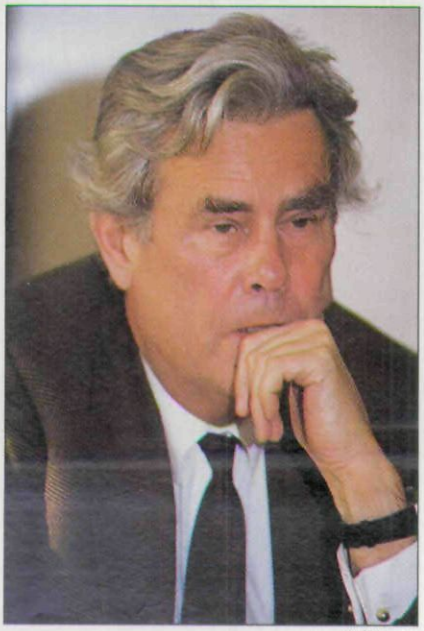
Rudolf Oetker

The transfer (other assets have long since been handed down) brings the "family store," as Rudolf likes to call his company, safely to the fourth generation. The business got its start in 1891 when Rudolf's grandfather began packaging baking powder in retail quantities, with free recipes included. German sales have always been strongest—some $600 million last year, versus only $225 million abroad. So Oetker seeks to expand. A 1989 joint venture with Turkey's Piyale to market Oetker products in Turkey marks a start. Then there's always East Germany.—**Philip Glouchevitch**

VON OPPENHEIM FAMILY

Globalization strikes again

The von Oppenheims would just as soon stick to home turf. "Our strength has always been in the Rhineland," a spokesman says. But 1992 approaches, and the owners of Germany's largest private bank (assets: $7.5 billion) must move on.



Manfred von Oppenheim Wolf Prange

Last September cousins Manfred, 66, and Alfred, 56, sold a majority of the bank's 53% of the Colonia insurance company to Victoire group, a French holding company, for an undisclosed sum. Among other things, this will give Sal. Oppenheim jr. & Cie. more visible equity and more added clout as a unified Europe looms. Aside from the cousins' desire to concentrate more on banking, the elimination of preferential tax treatment for capital gains after Jan. 1 made the recent sale irresistible.

But they must also now have offices in New York, London and Tokyo, like anyone in big-time European banking. And last August they acquired Paris brokerage Jean-Claude Melendes, to add to their presence in the other continental markets of Holland, Luxembourg and Switzerland. So necessity has made the cousins internationalists.—**Philip Glouchevitch**

Wolf Prange

Alfred von Oppenheim

HUGO MANN

To sell or not to sell

☆ Mann, 77, started out as a carpenter's apprentice and became one of Germany's biggest merchants. By 1988 his Wertkauf/Mann group had sales of $1.8 billion, enough to make him the country's 14th-largest retailer. His main companies today are the self-service Wertkauf supermarkets and the Mann furniture houses.

Mann breaks up his empire into three regional companies, plus a real estate holding company and a separate chain of furniture stores. Each of the pieces is small enough to escape the German financial reporting requirements for large private firms. But in 1988 the billionaire Otto family's Otto Versand toyed with buying Mann out. Their professional appraiser reportedly valued Mann's stores at about $1 billion—not counting the real estate held separately.

But no deal materialized, and Mann says he has no plans to sell off his company. "What would I do with the money?" he is reported to have said. "I would have to hire five or six people to manage it." Horrors!

VON SIEMENS FAMILY

Family protection plan

Siemens A.G., with annual sales of $35 billion, is the second-largest industrial company in Germany. It makes everything electrical from streetcars in Sacramento to nuclear power plants in Europe and South America to computers in Germany.

Thanks to its enormous cash flow, Siemens has a huge cash hoard, which it has used aggressively in recent years: a reported $3.5 billion on its share of the joint hostile takeover—with GEC of Britain—of the U.K.'s Plessey Industries; about $1.2 billion to buy Rolm from IBM; and some $600 million to take over 51% of Germany's Nixdorf Computer. Even after all that, it has $13 billion left.

That's 60% of its market value, and any armchair takeover artist knows he could easily borrow against cash flow to cover a bid. The stock has run up some 30% in the past year.

But there'll be no takeover here, thanks to the heirs of Werner von

Peter von Siemens Maechler/DPA

Siemens, who cofounded Siemens & Halske Telegraph Co. in 1847. The company has been run by nonfamily managers for 20 years. But 200 family members do own 12% of the share capital through a trust, and many of the shares have up to six times the votes of ordinary shares—enough, reportedly, to give 25% control. Under German law that effectively blocks takeovers.—**Philip Glouchevitch**

FRIEDRICH KARL FLICK

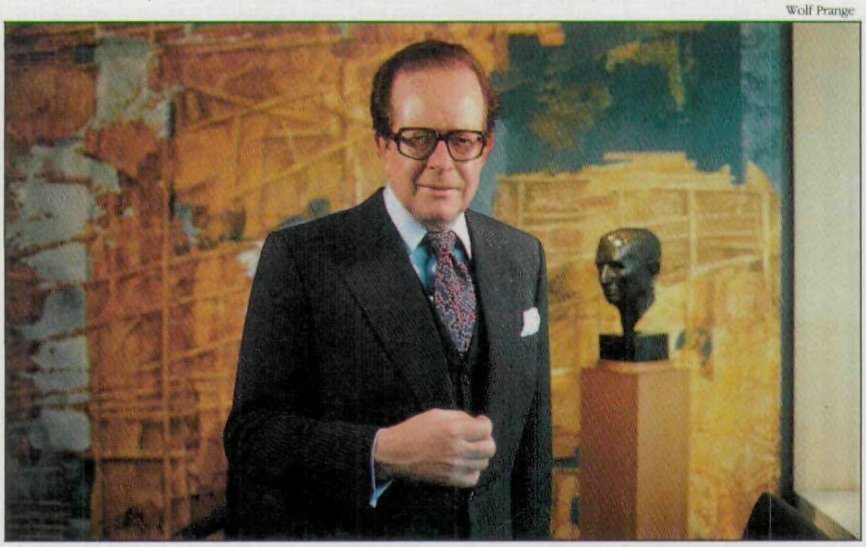
Where is Flick?

Friedrich Karl Flick, 63, continues to be notable by his absence. Five years ago he sold his industrial empire to Deutsche Bank for $3 billion. Since then Flick's only visible role has been to fulfill his duty on the supervisory board of Deutsche Bank. The feud with his two nephews, Friedrich Christian and Gert Rudolf, whose interests in the family company he bought out for a mere $120 million back in 1975, has calmed since Flick paid them an additional undisclosed amount last year. Fallout from the 1981 Flick affair, involving political contributions, has also subsided.

But anonymity doesn't come easily with the Flick name. Flick's father, also named Friedrich, profited before World War II from coal, steel and armament stocks, and was close to Hitler and high-ranking Nazis. He was sentenced to seven years in jail after the war. The family retained interests in steel, and invested in paper, chemicals and cars, at one time amassing 48% of Daimler-Benz.

So, is Karl Flick—K.F. to his friends—retired? Unconfirmed sightings of him in New York suggest he isn't, but just proceeding very quietly.—**Philip Glouchevitch**

Wolf Prange



Friedrich Karl Flick

BOEHRINGER FAMILY

Tradition pays

☆ The Boehringer family, led by Hubertus Liebrecht, the founder's grandson, owns Germany's third-largest pharmaceutical company, Boehringer Ingelheim, with 1988 sales of $2.4 billion and cash flow of $250 million. Cash flow multiples common to German pharmaceutical firms would give it a value of $2.6 billion. The company is best known in the U.S. for cooperating with Genentech to market the heart drug Activase, but it's active in over 100 other countries, selling such items as Persantin, used to treat atherosclerosis, as well as chemicals and basic food products.

Albert Boehringer founded the company when he bought a small tartaric acid factory in Lower Ingelheim—not far from Frankfurt—in 1885, and began selling its production to pharmacies and dye factories. He ran the business so well that during the German hyperinflation of the early 1920s its scrip was accepted as money. Boehringer Ingelheim doesn't have to guarantee money anymore, but it's still highly regarded two-thirds of a century later—another example of the strength of Germany's tradition of family-owned companies.

Hubertus Liebrecht Tomas Schmidt

WERHAHN FAMILY

Fortune builders

The Werhahns of Neuss, on the Rhine, reclusive as ever, continue to shroud banking, building materials and wholesaling interests from view. It appears that the family is beefing up financial services. The family bank, Bankhaus Wilhelm Werhahn K.G., previously the umbrella for industrial holdings, is now part of a separate financial services division, along with the recently purchased Hamburg-based auto financing company Auto Kredit Bank A.G. (assets, $600 million). The family will say only that the results for the financial services and other industrial interests "may be up from last year."

The nominal head of the family, Heribert Werhahn, recently reassumed the chairmanship of the supervisory board of Strabag Bau A.G. The Werhahns own some 50% of this publicly traded construction outfit, Germany's fourth largest. Strabag is in fine shape, and may even resume paying out a dividend after a five-year drought.

Many observers consider Eastern Europe a prime market for construction companies like Strabag. The

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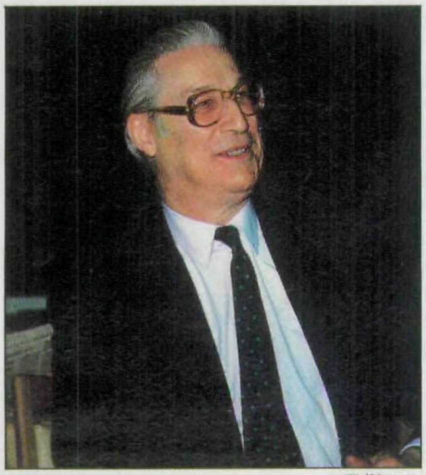


Wolf Prange

Heribert Werhahn

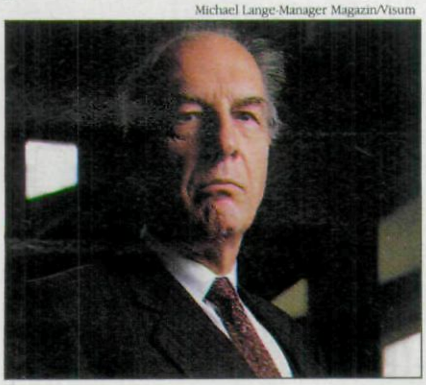
stock recently traded at over DM 550, compared with just over DM 200 last year, putting the value of the family's holding in this piece alone at over $450 million.—**Philip Glouchevitch**

MERCK FAMILY

The quality of Merckness

The Merck family from Darmstadt in central Germany traces its company history back to the Mercksche Engel Apotheke, a pharmacy founded in 1668. Since 1827 it has produced chemical and pharmaceutical products in industrial quantities, today generating revenues of $1 billion a year making a variety of pharmaceutical and medical products. The company was the precursor of today's Rahway, N.J.-based Merck & Co., which was split off from its parent—as were many German subsidiaries—at the time of the First World War.

Michael Lange-Manager Magazin/Visum



Hans Joachim Langmann

The capital of Germany's Merck is still in the hands of the family—more than 80 members of which are shareholders today. By now they have names like Baillou and Berglar, Groos and Kessel, but they're all Mercks to the core. For over 25 years Hans Joachim Langmann, 66, has been the undisputed head of the clan—a physicist who married into the family in the 1950s. Today he reportedly presides over the company like a feudal lord. For him the corporation is the "place where modern man realizes himself."

But there can be such a thing as too much Merckness. Langmann likes to get away to the Black Forest or the island of Sylt in the North Sea to renew his perspective on the family's $2-billion-plus fortune.

HANIEL FAMILY

Thank King Frederick

With its sooty chimneys and rusty cranes, Duisburg is not Germany's prettiest city. But this Ruhr town is home to the sparkling Franz Haniel & Cie GmbH, a worldwide trading company owned by the 288-member Haniel family, now in its fifth generation of company ownership. All of them are shareholders.

But the company's success is largely the result of the policy of installing professional management. Self-assured Chief Executive Hans Georg ("no one blows us over") Willers oversees 23,000 workers in 151 Haniel companies busily shipping to and from Africa, trading pharmaceuticals and heating oil and disposing of industrial waste, among other things. Perhaps most important of all, the company is also a major—33%—shareholder in heavyweight European discounter and retailer Metro *(see Beisheim, Schmidt-Ruthenbeck)*, a stake alone worth some $2 billion. The company headquarters sits precisely on the spot overlooking the harbor where in 1756 Frederick the Great of Prussia allowed shipper Jan Willem Noot to build a warehouse, and started the whole thing going.

SCHMIDT-RUTHENBECK FAMILY

Low profile

The brothers Michael and Rainer Schmidt-Ruthenbeck from Duisburg are among the least-known rich. They seldom appear in the public eye. Yet together they own a third of the Düsseldorf-based Metro Group, Europe's very private and little understood wholesale and discount-retail behemoth. For Metro's 25th anniversary last year, company founder Otto Beisheim *(which see)* and the brothers offered a look inside the company: They admitted that worldwide sales reached $20 billion and that Metro employed almost 90,000 people, about 16,000 in West Germany. The group owns a majority of Köln-based department store chain Kaufhof A.G., four shopping centers, 25 building and hardware stores, 24 furniture outlets and 6 sporting goods stores—and is behind such well-known European retailing names as Huma, Primus, BLV, Meister, Wines Point and BOT. Color the secretive brothers' fortune $2.2 billion.

FREUDENBERG FAMILY

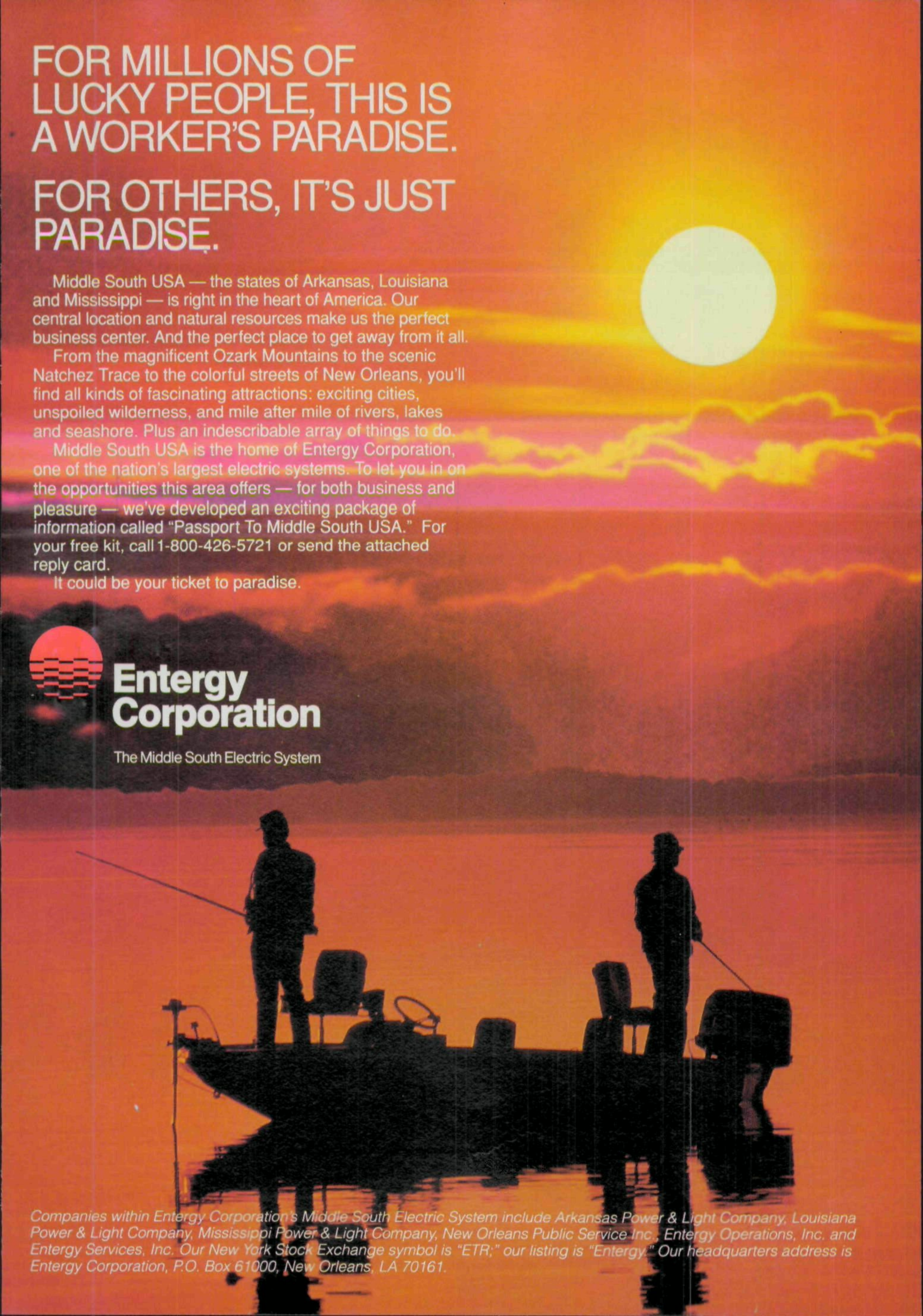
Diversified producer

Reinhart Freudenberg, 58, heads Weinheim-based Freudenberg GmbH (sales, $2.5 billion), a diversified producer and supplier for the automotive manufacturing and textile industries. The company had started out as a tannery, but over 50 years ago began diversifying into nonwoven fabrics, oil seals and vibration dampers. Reinhart took over the top spot in 1961 on behalf of some 250 family members. The company, now active in 26 countries, has been consistently reinvesting about 7% of its sales in research and development.

Freudenberg is a descendant of the company's founder, Carl Freudenberg, who had started the business in 1844. Reinhart's uncle, Richard, who at one time headed the company and after World War II served as an independent delegate to the Bundestag (the lower house in the German parliament), typified German modesty. When checking into hotels in Bonn to attend parliamentary sessions, he would list his occupation simply as "tanner," nothing more.

Wolfgang von Brauchitsch

Reinhart Freudenberg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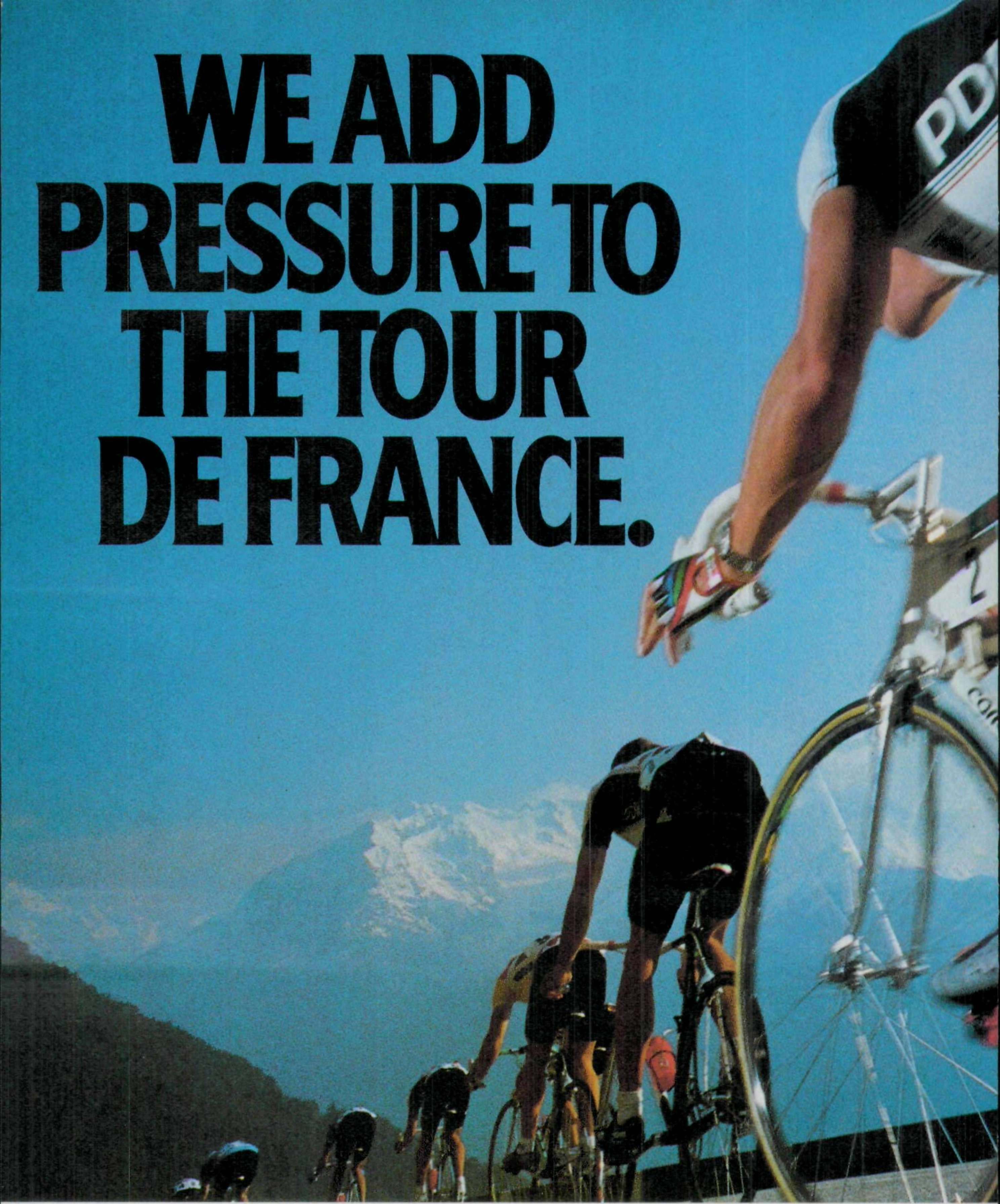

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