DUI Etspecia





Sharing Responsibility. According to the "SME Future Forum" survey recently conducted by Credit Suisse, around half of the companies studied were planning to deal with the question of succession in their executive management within the next five years. This shows not only how important this topic is for the future of the Swiss economy, but also how awareness of it among businesses has grown. In other words, Swiss entrepreneurs are increasingly aware of their responsibility towards their company and its employees. They are considering at an early stage how best to safeguard their lifetime's work and the jobs that are at stake.

At the same time, succession planning is becoming more difficult – on the one hand, family businesses more and more frequently have a global focus and a correspondingly complex structure, and on the other hand, the once normal procedure of handing on the company within the family is less and less frequently an option.

In this issue of Bulletin, we present a variety of cases in which succession planning has worked well. It is notable that many successful entrepreneurs make specific reference to their reliance on external professional support. The basis for success in such cases is always the relationship of trust between entrepreneur and advisor.

As a global bank with a correspondingly global network and a strong presence in the areas of private banking, corporate banking and investment banking, Credit Suisse has the necessary expertise and resources at its disposal to provide entrepreneurs with effective support in company handovers. This is particularly the case in view of the fact that handovers are tied up with financial issues, sometimes of a very complex nature. As a bank that has been supporting the Swiss job market with innovative solutions for 151 years now, we have been able to build up a long-standing relationship of trust with a great number of companies, both small and large.

The challenge of succession is something that impacts everyone sooner or later. Succession planning means nothing more than taking responsibility in the present for what comes after you and thus also paying respect to what preceded you. Credit Suisse is pleased to play a role in this process.

Dr. Ulrich Körner, CEO of Credit Suisse Switzerland



Unternehmerisch denken heisst vorausschauend planen. Nicht nur bei alltäglichen Entscheidungen, sondern auch hinsichtlich der Nachfolgeregelung für Ihr Unternehmen. Unsere Beraterinnen und Berater unterstützen Sie bei dieser zentralen Aufgabe und

übernehmen die steuerliche, finanzielle und juristische Planung – damit Ihr Unternehmen auch für die Zukunft bestens gerüstet ist.

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Quality In Everything We Do





WICOR (Weidmann International Corporation), with headquarters in Rapperswil-Jona, was founded in 1877 by Heinrich Weidmann and now has 3,750 employees. WICOR is a global developer, producer and distributor of insulation components and systems for transformers and technically demanding plastics applications. Felix Tschudi (cover) handed over the successful company to his daughter Franziska (p. 6/26) in 2001 and remained a member of the board of directors until 2007.

Succession 07

- Silverback Only One Strongman Among the Gorillas
- Black Habits The Abbot of Einsiedeln Is a CEO With Good Connections
- Red Curtain The Musician's Destiny Is Decided at the Audition 10
- White Crosses The Talents of 1996 Are the Stars of EURO 2008
- Europa Nostra Cultural Heritage as Spiritual Sustenance for Humans
- The Backbone Behind All the Statistics Are Entrepreneurs 21
- Spotlight Christiane Kubrick, Jürgen Flimm, Hans-Joachim Güntherodt, Enzo Enea, etc.
- **Competition** Discover the Wonderful World of the Amazon
- **Expert** John Naisbitt: Good Prospects for Flexible SMEs 30
- **Expert** Doris Leuthard: SMEs and Family Life Can Go Together
- Expert Frank Halter: Young People Lack Entrepreneurial Spirit 34
- **Expert** Franziska Müller Tiberini: How to Prevent Family Disputes 34
- **Expert** Leonhard Fopp: Hastening the Departure of the Control Freak **Expert** Peter Sauber: Not Much More Free Time in Retirement Than Before
- Credit Suisse Urs Dickenmann, Josef Meier and Marco M. Illy Give Succession Advice
- Model 1 Michael Hilti and Pius Baschera on Corporate Culture
- Model 2 Beatrice Rodenstock: One's Own Way Is the Right Way 49
- Model 3 Gregor and Marco Andreoli: A Visit to CTA 44
- Model 4 Fredy A. Lienhard: A Visit to Lista
- 48 Model 5 Helga Rabl-Stadler: The Fashion Business of the Festival President
- Model 6 Marcel Queloz-Fürrer: Family Business Goes to Family Business
- **Information** Glossary and Publications

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No Man Is an Island

Without succession there is no future. This is true of commercial enterprises, but it is no less true of monasteries, orchestras and football teams. Is it possible to make comparisons between such different areas of human activity, and perhaps draw lessons with regard to our own succession planning? How do gorillas deal with this issue? What consequences threaten the animal world when the succession mechanism breaks down?

Texts: Regula Gerber, Mandana Razavi, Dorothée Enskog and Andreas Schiendorfer

"No man is an island, entire of itself," says John Donne (1572–1631). "Every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less." If a company shuts down its operations and has to make its workers redundant because of succession problems, the economy is affected and so are we. The same applies to every individual and every walk of life. Only those who have planned for the future are successful in the present and can be said to have properly mastered the past.

The Oldest Silverback Becomes Leader for Life

"That we are related to the great apes is a phylogenetic fact. But we nonetheless differ from one another," says Jörg Hess. A zoologist and behavioral scientist who has been observing the great apes for almost 40 years, Hess adopts a critical stance in comparing the species with his own. "We humans develop value systems, but for gorillas there are no such comparable values, no good and evil. At the most there are rules that are bound up with rank, the family, and social sensitivities, all of which apply within one and the same community - the community in which the gorillas have grown up. By contrast, our coexistence – often in enormous communities such as cities - requires us to formulate our needs and to demarcate boundaries between one another. And to develop moral standards from which we in turn develop laws. This is something unique to mankind." Hess also stresses that there are huge differences between the four different types of great ape. Indeed, he considers the gulf between the orangutan and the gorilla or between the chimpanzee and the orangutan no smaller than that which divides mankind from his remote pithecan cousins. Each species has its own phylogenetic form of development, and lives in its own social and emotional system. Major differences are already evident in the respective modes of conduct of each species. As Jörg Hess explains, "To express it in anthropomorphic terms, chimpanzees are more extrovert; they parade their emotions for all to see, are quicktempered, easily excited, and easily pleased. By contrast, orangutans and gorillas are more introverted, for example, gentle and guarded. This form of conduct is just one of the aspects that influence the rules under which these communities operate. For

example, while chimpanzees use physical strength, alliances, and tactical strategies as instruments to acquire power, succession among gorilla communities is defined by age, as this is the key hierarchy that governs their community. Both females and males have their own separate hierarchy, in which the highest rank for both sexes is occupied by the community's oldest member. These two seniors manage the group together. Hormonal changes cause the male gorilla to develop a silvery gray coat on his back when he is around 13 or 14 years, hence the name "silverback." This development also entails behavioral changes. Social qualities emerge, and the provocative nature of the juvenile male, who typically lives in bachelor groups with others of his age, is transformed into a more thoughtful and responsible silverback who acquires acceptance in the eyes of the females. The grown-up female offspring of other families can then bond with him. As Jörg Hess explains, "There are two silverbacks only in a large family. The head of the group is always the oldest, however, and he remains the head until the day he dies." As the females of a family only invite the head of the family to mate, a young silverback stands to gain little by remaining in a small family.

But if the silverback is to gain the trust of the females, he has to show his competence and his social qualities as an experienced male. Living in the wild, this means he needs to know around 120 edible types of plant, to know where a particular type of plant is to be found and when it is ripe, and to know how to lead the group there by the most energy-conserving route. Together with the senior female he sets the daily routine: travel, eat, siesta. On occasions, the silverback will even take on the care of a small infant whose mother has left the group to bond with another family. All gorillas learn from their mother how to look after infants, which is why even a male gorilla possesses this knowledge. Another responsibility of the head of a family is to set the territorial boundaries of the group against the outside world. This is the only sphere of activity in which he will, when necessary, call on his full physical powers. A silverback therefore settles quite naturally into his function with the tacit approval of the group, and along the way receives support from the family as a whole. His authority is not questioned or undermined. Nonethe->





A New Environment Living in the wild, great apes are exposed to a wide range of sensory stimuli such as weather, temperature and smells. The new great ape enclosure at Basel Zoo will include a large exterior area. This will offer the animals not just more space, but also the opportunity to engage much more closely with their environment and the natural world with all its seasons. The construction work, which is being partially financed by Credit Suisse, is due to begin next year.

less, the criteria for a successor must be in place: As Jörg Hess observes, "The importance of the necessary criteria being fulfilled is shown by the fact that a family with just one silverback will break up within 48 hours of the leader's death if no successor is there to assume the role." Or to express it anthropomorphi-cally, if an enterprise can find no worthy figurehead within the family it is in trouble – a situation that feels all too human. rg

The CEO Who Reports to the Ultimate \dots

A monastery: A place for holy men and holy life. But even such an otherworldly establishment is subject to traditionally worldly laws like finiteness, for example. The golden era of the great houses of the nobility is past, and gone with it is the tradition of generous endowments that were once so commonplace, either of the strictly pecuniary type or in the form of large tracts of land. Fast-forward to the present, and many monasteries are suffering financial hardship. Nor can the problem of "staffing" be denied nowadays: Entering a monastery is not an ambition that tends to rank very highly in the priorities of modern teenagers. In the monasteries that remain, the task of tackling such problems and thereby ensuring the preservation of such sacred institutions falls to the abbot. The holder of this office in the Abbey of Einsiedeln, southeast of Zurich, is Martin Werlen. To a certain extent, this monk acts as the CEO of this Benedictine abbey. And indeed, the time dedicated to prayer aside - a quick prayer being all that the modern CEO is likely to find time for - Werlen's day bears a number of remarkable similarities with that of a global chief executive. "The greatest difference to

the activity of a normal manager is that an abbot's remit encompasses more than just commercial areas. An abbot is responsible for the overall life of the monastic community." An honorable function, therefore, but also one that bestows responsibility. Establishing the monastic tradition in the Abbey of Einsiedeln may have passed the 58th abbot by (by 1,073 years to be precise), but securing its existence, developing the next generation, and establishing a successor are all issues with which Werlen has to wrestle. And the current incumbent does not shy away from finding new ways that break with tradition. His enthusiasm for media-effective projects is not always shared by others. As is the case with his most recent coup, for example, namely the sale of virtual stones from the Klosterplatz to finance the renovation of this historic area.

Abbot Martin Werlen does not let himself be diverted by doubters, however. Generally speaking, he is a great believer in composure. Even when it comes to the succession issue - an unpopular topic in ecclesiastical circles - he appears almost imperturbable: "In this respect, I am much more concerned about the people of Switzerland than I am about the Abbey of Einsiedeln. True, we have fewer young brethren than we used to, but those we do have are tremendously committed. In terms of numbers, we can't hope to match the great decades of the '30s and '40s, but we have only had as many monks as we do now (80 precisely) for 100 years of the monastery's history. So we have every reason to be thankful," explains the abbot. Active recruitment has never yet appeared on the agenda, as men wishing to spend their lives behind the walls of a monastery have always found their own way to Einsiedeln. And, as Werlen >

Monastery Perhaps one of the most unusual projects facing the abbot of Einsiedeln is the Klosterplatz initiative. The second-largest church square in Europe (after St. Peter's in Rome) is in urgent need of a facelift. But there is the small matter of money – around eight million Swiss francs. New ways of raising the sum required for the renovation had to be found. At www.klosterplatz.com you can find out what these are, and how you can get involved in this project.

argues, this is the way things must be, as the decision to devote one's life to God must come from within the individual himself.

By contrast, the process of selecting an abbot is democratic. This process last took place in 2001, when Father Martin was chosen by his fellow brethren. At that time he had little notion of the "core business" that would occupy an abbot. But he saw this role as an opportunity to develop both himself and the abbey: "I see it as a challenge to bring the abbey to an economic level that is both professional and in keeping with our Benedictine values. And here what I consider important is not so much the abilities that people already have, but their willingness to really take something on," says Werlen. And lo and behold: For the first time in the abbey's 1073-year history, an abbot is seeking the counsel not just of God and his fellow brethren, but also that of PR advisors, consultants and a managerial body. Ambitious goals for a business novice. Yet in his outlook this man of spirituality clings very much to terra firma: "I see myself as just one link in a long chain." And not without a degree of self-irony, Abbot Martin adds: "If 57 abbots before me couldn't manage to capsize this 'vessel,' I dare say the 58th won't manage it either. Nor will my tenure as abbot last forever. This helps me keep my composure." The law of finiteness appears to be well engrained in the Einsiedeln community. mr

Orchestras Plan Succession Well Ahead

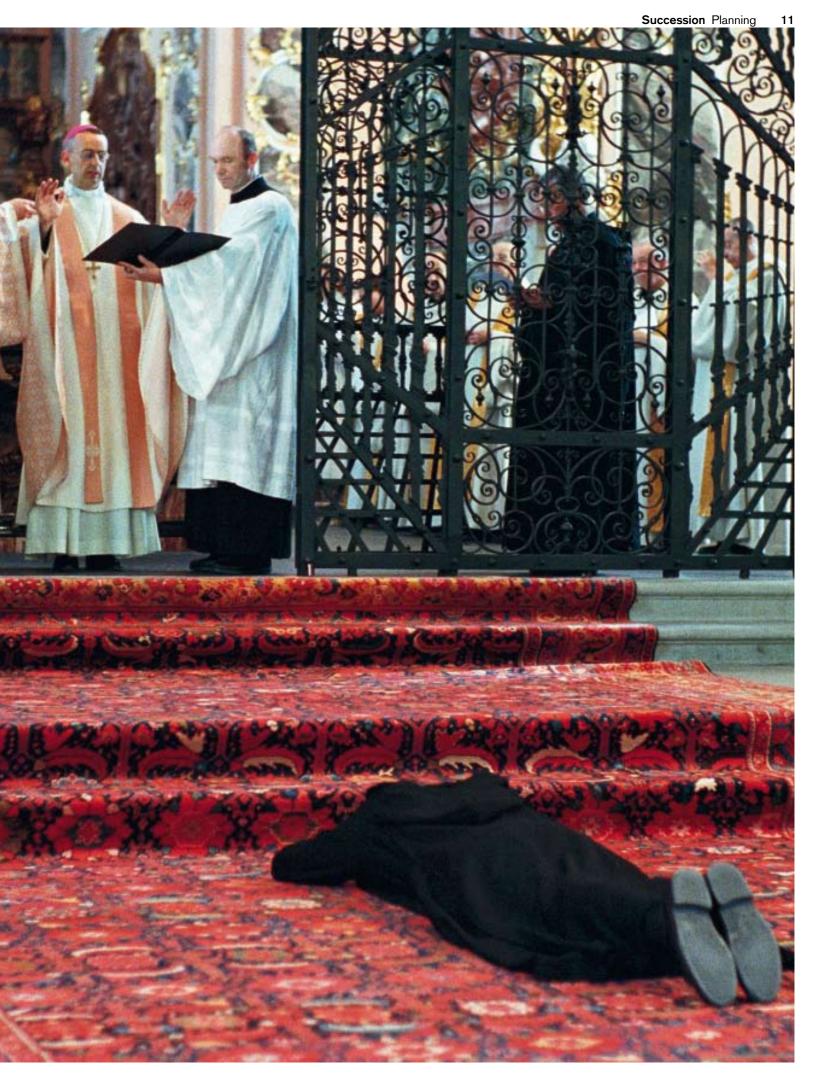
Positions are announced internationally, two years before a scheduled retirement, says Ronald Dangel, a representative of the Tonhalle Orchestra Zurich. An orchestra on average advertises four to five positions every year, to which several hundred musicians ap-

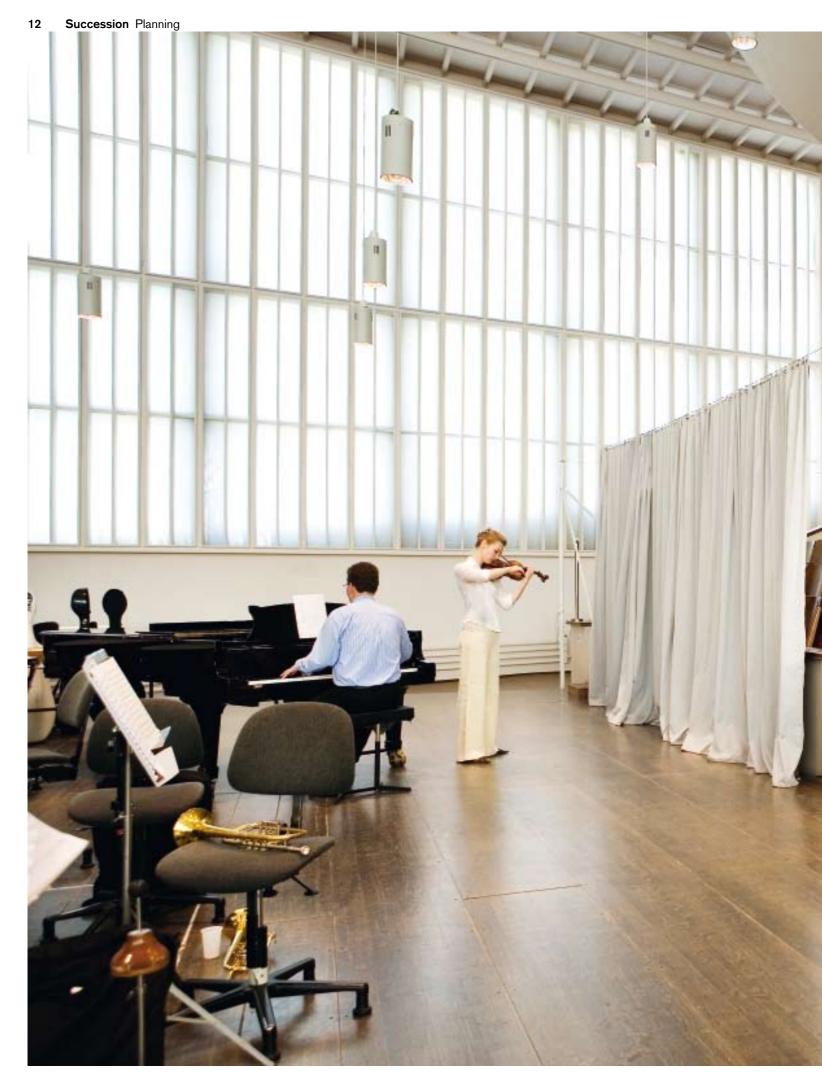
ply. "Today you cannot say, I want to join this orchestra. Competition is such that it can depend on tiny details whether you pass or not," Dangel adds. The selection procedure orchestras use to choose new members is similar across the globe. Some 40 candidates, not more, are picked for auditions to ensure that the jury remains vigilant throughout the audition day. The first round is usually played behind a screen to guarantee full impartiality. The musicians are given two to five minutes to play a compulsory piece. "Just two lines of playing usually suffice to judge the potential," says Heiner Madl, the director of the Zurich Opera House Orchestra. The best players go on to further rounds which will eliminate the remaining contenders. "It has happened that we've had an open violin position with 180 candidates, auditioned a third of them and no one made it," Madl says. Exposed positions like the concertmaster or the solo trumpet are the most difficult to fill, Dangel says.

Musicians cannot be promoted within the orchestra without going through the audition procedure again. If a musician is hired as second trumpet, this person must pass the compulsory auditions like any other candidate if eyeing an available solo trumpet position in the orchestra where they already play. The amount of time the various instruments play also differs. "The string instruments usually play the most, though mostly as a team. The exposure of wind instruments is much greater, as they often play solos," says Dangel.

Proportionately the greatest competition is for flute and cello positions. Violin positions are also in demand, but as an orchestra on average employs 18 first violinists and 15 second violinists compared with 10 cellists and 4 flautists there are more violinist >









Orchestra Succession planning isn't an issue taken lightly in the world of classical music. An orchestra's future is planned carefully, with vacancies announced two years ahead. Competition is rife for the rare vacancies orchestras have to offer, with as many as 150 to 600 applicants per position. At the end of the day, only one person passes the required auditions and is offered a contract. Credit Suisse is main sponsor of the Zurich Opera House Orchestra and the Tonhalle Orchestra Zurich.

positions on offer. More women play in orchestras and they are today overrepresented among new hires. "They make up 33 percent of the Tonhalle orchestra, and in some instruments 70 percent of the new hires," Dangel says. Only brass and percussion instruments remain male bastions.

All musicians passing auditions come from conservatories or musical colleges. "Musicians are expected to be operational from the start and learn on the job," Dangel says. But just as in the European corporate world, it is hard to be hired and change orchestra once you've reached age 40, Madl says. Most people being offered permanent positions are between 25 and 35 years. The quality of older musicians doesn't really diminish with age. "Motor abilities can decline, but that is compensated by their long experience, making them particularly precious," Madl adds.

Even if it has no problems filling empty positions, the Zurich Opera House Orchestra offers a specific program aimed at professional musicians under the age of 26 – the Zurich Opera House Academy. The academy members, usually one per instrument, are offered fixed-term contracts to allow them to gain additional orchestral experience. The opera orchestra, which employs 116 musicians permanently, often hires staff temporarily to cover the needs of specific operas. A baroque opera for example only requires an orchestra with 35 people, while a Wagner opera involves as many as 90 musicians.

Passing the tough audition procedure usually means stepping into a lifelong career. Orchestra members have the right to resign just as any other employee, but it's a rare. "In the past 10 years, I can only think of two musicians who switched to Munich and two

who moved back to Australia, that's it," says Andreas Sami, another representative of the Tonhalle orchestra. A small minority of new hires don't pass their probation period, while a few orchestra members have to leave for due to hearing losses or inflammations. "Employment at the Tonhalle is often a final destination, with few orchestra positions being more attractive for musicians," says Sami.

Lifelong employment is also the rule at the Zurich Opera House Orchestra. "An absolute majority of our musicians make a lifelong career here. It's a house where one stays," Heiner Madl concludes. de

Youth Development, the Key to Success

Succession in the football world is a swift process: Once the club finds itself in a relegation battle, or when it fails to achieve the expected success, the manager is fired and a successor installed, often the assistant manager to start with, and then another manager recently dispensed with by a competitor in a similar crisis. An eternal cycle.

Where the national team is concerned, planning obviously requires a longer-term view than with clubs, as major tournaments like the World Cup only take place every two years. This gives national football associations the opportunity to put in place a talent development system that can lead to future success. The best examples here are countries such as Holland and Portugal, whose youth development schemes mean that they can continually compete with the "big boys."

In recent years, Switzerland has also made the leap, and is now one of the 11 European countries that qualified both for EURO 2004 in Portugal and for the 2006 World Cup in Germany. Ultimately this comes down to > Football Succession planning means ongoing youth development on a professional basis. As principal sponsor of the Swiss national football team, Credit Suisse founded a platform for this development by requesting that the Swiss Football Association reserves half its sponsorship money for the next generation. Since this partnership began, Switzerland has qualified four times for either the World Cup or the European Championship. EURO 2008 will be the fifth major tournament, though on this occasion Switzerland plays host. Credit Suisse made a substantial contribution to Switzerland's candidacy. Read more at www.credit-suisse.com/football and www.symphasis.ch (Young Kickers Foundation).

nothing more than serious succession planning, explains Walter Berchtold, head of Private Banking at Credit Suisse. The most experienced key players today such as Alex Frei and Ricardo Cabanas were the first to benefit from the professionalization of youth development.

When Credit Suisse became principal sponsor of the Swiss national team in 1993, it had just qualified for the 1994 World Cup in the US thanks to a number of outstanding players. But the Swiss Football Association (SFA) and Credit Suisse were aware that this kind of success would be the exception rather than the rule unless specific measures were taken. "So an unusual contract was agreed: Half of the sponsorship contribution had to be ring-fenced for youth development, which in a formal sense didn't even exist back then. And this contractual structure has remained unchanged," says Berchtold.

Berchtold recalls how, as a sponsor, Credit Suisse wanted to be a reliable partner that could provide the SFA with at least mediumterm planning security. "We are pleased to have 'scored' such a sensational goal, but our objective is also to be celebrating a similar kind of goal in the future. We are under no illusions that a country like Switzerland, with no great footballing tradition, is going to have to endure some barren times on occasions."

Going back 10 years, it was Hansruedi Hasler, as the new technical director of the SFA, who introduced his concept of professional youth development in 1996. This envisaged full-time youth coaches, but also training centers where talented players such as Johan Djourou could be brought in and systematically developed over two years without neglecting their schooling needs. For its part,

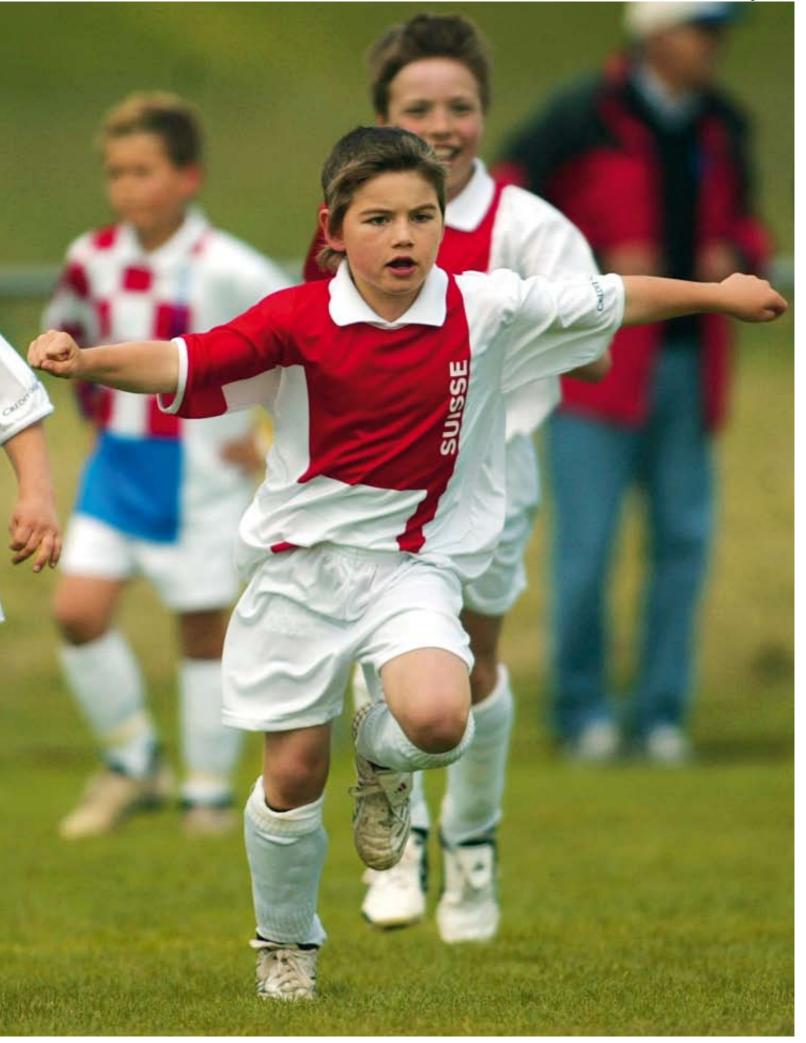
Credit Suisse made it possible for particularly talented players to do apprenticeships alongside their training, as long as their performance at the bank in no way suffered as a result. Players to have benefited from this opportunity include Stephan Lichtsteiner and Heinz Barmettler, who have both now made the leap to the national side.

It was from 2002 onward that the first major successes were chalked up, with the U21 side qualifying for the semifinals of the European Championship, and the U17 side going on to become champions. These successes in turn sparked a boom among juniors. This has had one downside: There is now a shortage of suitable pitches and, in some places, also of suitable coaches. In order to tackle this kind of problem and promote football in general, Credit Suisse founded the Young Kickers Foundation, headed by Marco Blatter.

This year Credit Suisse is organizing various Mini Champs tournaments as well as the SFA's "Play Football, Switzerland" initiative.

So what does Walter Berchtold think about EURO 2008? "As a member of the advisory committee for EURO 2008, what matters to me is that all the nations involved experience a magnificent footballing festival of emotions, just like we all did at the World Cup in Germany last year, and that bonds are forged in Austria and Switzerland that outlive the tournament itself. Every country participating should get the impression that they are guests visiting friends. Of course, being Swiss I hope that Jakob Kuhn's team plays attractive football. And even if this proves insufficient for us to lift the European crown, I know that there is still development potential in our young team." schi





Cultural Heritage Is Always About People

Succession is about taking responsibility for the future and that includes cultural heritage. Europa Nostra – the Pan-European Federation for Cultural Heritage – is fully aware of its responsibilities. The organization is currently presided over by HRH the Prince Consort of Denmark and a Swiss lawyer.

Text: Andreas Schiendorfer

"No life without roots, no identity without history, no future without a past." So writes HRH the Prince Consort of Denmark in the Europa Nostra prospectus. They are not empty words: as a poet and as president of Europa Nostra, the husband of Queen Margrethe II has an acute awareness of the zeitgeist and how it fits into the big picture. He is passionate about the responsibilities we bear on behalf of the generations to come (see interview on page 20).

The issue of succession also concerns him directly: at Europa Nostra's annual congress in Stockholm this year in early June, HRH the Prince Consort of Denmark will be stepping down from the organization's helm after 17 years as its president. He convinced that a suitable successor will be found and elected during the forthcoming general assembly in Stockholm.

"We are highly indebted to our president, who has always worked tirelessly on our behalf," says Dr. Andrea H. Schuler, who early last summer was appointed executive president of this important cultural heritage organization, which has members from more than 43 European countries. Schuler's Swiss office is located in one of the few houses to have come through the devastating 1861 fire of Glarus unscathed. Our morning conversation flies by, interrupted by a few telephone calls with the headquarters of Europa Nostra in The Hague, where Schuler also spends around a week of his time every month. I came away from the meeting with two particular messages stuck in my mind: "Preserving our cultural assets is not a backward-looking job, it's a forward-looking one. Safeguarding the old does not mean obstructing the new," and "In the end,

our endeavors are about human beings, about people and their quality of life. Protecting and nurturing our cultural heritage means preserving and being aware of our identity."

Cultural Heritage Awards and the European Heritage Days

Founded more than 40 years ago, the aim of Europa Nostra is to bring together the key players in Europe's heritage civil society movement. According to Schuler, there is very strong cooperation between Europa Nostra and the Council of Europe, the institutions of the European Union, and UNESCO. In 2002, Europa Nostra was selected by the European Commission to run the European Union Prize for Cultural Heritage following the model of the Europa Nostra Awards, in existence since 1978. In 2006, the body was also appointed as Liaison Office, actively involved in coordinating the European Heritage Days – a joint action of the Council of Europe and the European Union. With themes that change annually, these European Heritage Days give millions of people an opportunity to visit less well-known cultural monuments and sites that are often otherwise inaccessible to the public at large. In both Switzerland and in Germany, the 2006 theme was "Gardens and Parks". In 2007, the focus during the weekend of September 8-9 will be on "Wood" in Switzerland and on "Historic Sacred Buildings" in Germany.

Culture Has Many Different Facets

Europa Nostra's primary concern is the protection and enhancement of our built and natural heritage. In additions, however, the European Union Prize for Cultural Heritage/Europa Nostra >



In 2005, Europa Nostra awarded a medal for the restoration of the Hernergut bathing and boating pavilion in Horgen on Lake Zurich. Built in 1899/1900 on behalf of silk manufacturer Heinrich Emil Streuli by Albert August Müller (a student of Gottfried Semper's) and Franz Frisch (father of author Max Frisch), it was modeled on the Amalienburg hunting lodge in the park of Nymphenburg Palace in Munich. Between 1999 and 2004, Hans Georg Schulthess, a descendant of Streuli's, together with architect Ueli Geiger, carried out a full renovation with assistance from the Historical Monuments Commission, the Horgen municipality, and the Pro Patria foundation.

Europa Nostra was founded in 1963 as an umbrella organization of the European movement to protect cultural heritage. Its official languages are English and French. Europa Nostra is presided over by HRH the Prince Consort of Denmark (until June 2007). Swiss lawyer Dr. Andrea H. Schuler has been its executive president since mid-2006. He is assisted by seven vice-presidents and an 80-member council. Alongside Schuler, the Swiss contingent to the council also includes Philippe Biéler (Swiss Heritage Society) and Ambassador Gian Federico Pedotti (Domus Antiqua Helvetica), while the members from the UK are Sir Christopher Audland, Michael Balston, Lester Borley, Peter Collins, Wynford Evans and John Sell, as well as Simon Murray and Dr. David Thackray (The National Trust for England, Wales and Northern Ireland), and Adam Wilkinson (Save Europe's Heritage).

Europa Nostra's international secretariat is located in The Hague.

Europa Nostra has 230 member organizations (not-for-profit NGOs), more than 200 associated organizations (government or business), and more than 1,400 individual members from more than 43 European countries.

Europa Nostra is supported by the Credit Suisse Jubilee Foundation.

Awards are also given for collections of works of are, for studies carried out in the field of cultural heritage, as well as long-standing commitment and dedicated service to heritage preservation. With policy papers on current issues such as "The encouragement of cultural tourism and the mitigation of its effects" (2006) and "Declaration on the impact of wind power on the countryside" (2005), Europa Nostra aims to provide useful input not only for its members but also for other interest groups, including political decision makers at both national and European levels. At its annual congress in Stockholm, the forum "Add Modernism!" will be addressing the issue of contemporary architecture and its preservation for future generations.

Successful Intervention Protect Endangered Heritage

Europa Nostra's concrete interventions to protect currently endangered cultural heritage sites show and encouragingly high success rate of about 30 percent. In recent times, for example, Europa Nostra has successfully fought against a planned high-rise in Copenhagen's old town and against the development of a Dracula theme park near the medieval city of Sighisoara (Transylvania/Romania). Efforts to protect a Roman-era gold mine in Rosia Montana (Romania) that closed long ago but which is threatened

with reopening for intensive mining, and efforts to rescue a Roman baths complex at Allianoi in Turkey, have not yet reached a conclusion. The baths face disappearance due to the construction of a new dam. "We do not believe that heritage sites should be managed as museums," stresses Schuler, "but when right now – in the heart of St. Petersburg – we are seeing plans to build a 400-meter office building for Gazprom: Are we expected to stay silent?"

As Europa Nostra's executive president sees it: "A growing understanding of our cultural heritage will lead to a steady rise in the number of Europa Nostra members, and also to a continuous growth in the number of applicants for our awards scheme." Nevertheless, he concedes that more projects could be submitted from Switzerland in particular. That obviously makes it all the more pleasing, he says, to see Hans Georg Schulthess winning a Europa Nostra medal for his restoration of the 1899 bathing pavilion built by Horgen silk manufacturer Heinrich Emil Streuli.

However, there is also a flipside to this success. The number of submitted project dossiers is growing at a rate faster than the human and financial resources required to process and judge them can be found. So, will Europa Nostra gradually lose its capacity for action? "Our small but extremely talented and motivated team at the international secretariat in The Hague, as well as a stronger concentration on our core competencies, will ensure we remain on track. However, we are working toward ensuring that my successor can inherit an organization with appropriate and sufficient structures and resources."

Wellness Centers for Heart and Mind

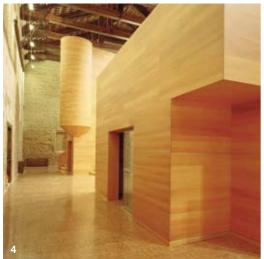
Andrea H. Schuler's final comments sum it up neatly: "Structures and resources are certainly vital if we are to achieve our mission. But the most important thing is – and will remain – persuading people of the significance of our cultural heritage as an essential and pivotal element of our quality of life, sense of identity, and feeling of belonging. Cultural heritage sites deserve protection and respect, no matter where they are. They are places of understanding and security: wellness centers for heart and mind." <

More information is available at: www.europanostra.org (English, French) www.tag-des-offenen-denkmals.de > Heritage Day in Germany www.nike-kultur.ch > Heritage Day in Switzerland www.credit-suisse.com/infocus > Culture



















Europe's cultural heritage is multifaceted. Every year, Europa Nostra singles out exemplary renovation for an award in its European Union Prize for Cultural Heritage/Europa Nostra Awards. Above is a cross-section of award-winning restorations and adaptation:

1 Vía de la Plata, Extremadura, Spain (an ancient Roman route- Prize, Cultural Landscape, 2005);

2 Dolbelydr, Trefnant, Wales, UK (16th century dwelling – Diploma, Architectural Heritage, 2005);

3 Omeriye Ottoman Baths, Nicosia, Cyprus (16th century baths – Prize, Architectural Heritage, 2005);

4 Former Church of Santa Marta, Venice, Italy (change of use of 14th century church – Diploma, Architectural Heritage, 2005);

5 Cultura e Sviluppo del Territorio, Italy (research for sustainable development – Diploma, Studies, 2005);

6 Varusschlacht im Osnabrücker Land, Kalkriese, Germany (interpretation of ancient Roman battlefield – Prize, Archaeological sites, 2004);

7 Heather and hillforts landscape scheme, Denbighshire, Wales, UK (landscape analysis and management strategy – Medal, Studies, 2005);

8 Old workers' estates, Upper Silesia, Poland (analysis to revitalize industrial heritage – Prize, Studies, 2005);

9 Common cultural heritage, Greece/Turkey (awareness-raising initiative leading to cross-cultural cooperation – Diploma, Studies, 2005).



HRH the Prince Consort of Denmark (right), and Donnedieu de Vabres, France's Minister of Culture.

The Prince Consort of Denmark was born Henri Marie Jean André Count de Laborde de Monpezat in Talence, France, on June 11, 1934. On June 10, 1967, the young diplomat married Denmark's Crown Princess Margrethe II. He is due to step down from his 17-year presidency of Europa Nostra in Stockholm on June 7, 2007.

"Europa Nostra: Championing Europe's Cultural Heritage"

Though the president of Europa Nostra can rely on the backing of its executive president and the small yet efficient international secretariat in The Hague, the involvement of HRH the Prince Consort of Denmark in steering Europa Nostra over the past 17 years is quite an accomplishment. As he prepares to step down from his position; we discuss a very positive record.

Bulletin: What motivated you to get involved with Europa Nostra?

HRH, the Prince Consort of Denmark: Given my personal involvement in Denmark with charitable institutions such as the Red Cross and the World Wide Fund for Nature, I also wanted to be involved in an association that is not as prominent, but nonetheless is vital in a European context. I have found it fulfilling to have been able – through Europa Nostra – to help promote worthy causes related to our cultural heritage. All European citizens need to do whatever they can at a personal level and address their responsibilities to the best of their abilities. From that point of view, I hope I have been useful.

Are you satisfied with what has been achieved during your presidency?

Everything we have achieved so far is the result of a joint effort: I am pleased to have had the chance to work with outstanding people in an association which has a relaxed but professional atmosphere. I personally look very much forward to the "results yet to come."

That said, I believe Europa Nostra has become a valued partner to the Council of Europe, the European Union, and the national governments of many European countries. This owes a lot to our strategy of integrity, independence, and due diligence in carrying out our work. We have succeeded in helping rescue a great number of archaeological sites and monuments which were threatened with dilapidation.

Europa Nostra is now seen, above all, as a "champion" for the cultural heritage, independent and not representing any special interest groups. As a result, we are increasingly asked for advice.

Which Europa Nostra success stories are you particularly proud of?

I am very pleased with our success in saving the historical site of Marathon. In a very unique way it embodies the spirit of ancient Greece – of which we are ultimately the heirs. I also think the awards given out in the cadre of the European Union Prize for

Cultural Heritage/Europa Nostra Awards; encourage positive thinking about the rich and diverse cultural heritage of Europe. "The Power of Example" (Le pouvoir de l'exemple), Europa Nostra's flagship book edited by Professor Marcel van Jole from Belgium, provides a very accurate description of our work over the past 40 years and its distribution has helped bring us to the public eye.

Since 2006, Europa Nostra has acted as Liaison Office of the European Heritage Days, actively involved in coordinating the national celebrations which take place in September. These European Heritage Days – a joint action of the Council of Europe and the European Commission – are receiving an increasingly positive response, evident in the ever-growing number of visitors in the 49 countries where they take placel

What are the biggest challenges facing Europa Nostra?

First of all, it is imperative that Europa Nostra not let up in our efforts. Another big challenge is to encourage young people to get involved and help us build a Europe of culture and cultural heritage; without it our "common European home" will have no sustainable future. We also need to pay very close attention to the development of the "heritage" concept, which is constantly being redefined. This has meant that additional monuments and archaeological sites are joining the list each year, yet at the same time the funds for rescuing what are on the existing lists are drying up.

Who would have thought that one day we'd be fighting to save the factories and buildings that embody our industrial heritage, or buildings from the '30s or '50s? Our heritage not only has a cultural value, but also possesses economic, social and even political significance. It is up to us to ensure an increased awareness of these multiple values of the cultural heritage, especially among political decision makers and the public at large. It's about getting our message heard at the local, regional, national, and obviously European level. schi

The Backbone of the Economy

More than 99 percent of all firms are SMEs (small and medium-sized enterprises) with no more than 250 employees. In Switzerland, around 70 percent of all employees work for SMEs. That means they're vital to our society at large. So, it's all the more important for SMEs to tackle the succession issue early on.

Text: Andreas Schiendorfer

"I'm just a link in the chain," says a humble Abbot Martin Werlen. "Before me was the 57th abbot, and after I'm gone it'll be the 59th." When he was chosen for the top job at the Abbey of Einsiedeln in November 2001, he knew nothing about business. Today, however, the CEO of Switzerland's oldest SME – founded back in the year 934 – actually lectures on business administration at the science and technology university ETH Zurich (see page 9).

At the beginning of the 14th century, a bellmaking foundry began life in Aarau in the canton of Aargau. The inscription on the "Barbara" bell, which still sounds in the cathedral of Fribourg, declares its year of origin to be 1367 and its Aarau craftsman Walter Reber. Other founder families succeeded the Rebers. At the beginning of the 19th century, Johann-Heinrich Bär sold the foundry to his employees Jakob and Sebastian Rüetschi. It was a good solution — even if, at the time, no one had yet coined the expression MBO (management buyout). But unfortunately the Rüetschis died out in 1917. The foundry was rescued, though, and continued operating under the name Glocken- und Kunstgiesserei H. Rüetschi AG. Was it converted into a publicly held company? Did private equity move into Aarau? We didn't look into that, as it's irrelevant. What matters is that the jobs, and a company steeped in tradition, were saved. Today they still say: "Fusa sum arow" — "cast in Aarau."

Since 1522, the Fonjallaz family – the oldest family business in Switzerland – has been producing wines on the shores of Lake Geneva. Generation after generation, the business has passed from father to son. Patrick – the 13th generation of the family – now runs Fonjallaz SA in Epesses, with its 12 employees. He'll soon be 61 years old. His daughter Soraya, just nine years old, has already developed a good flair for business, though that would be a little too much to expect from four-year-old son Balthasar. We'll see what happens in 10 or 15 years' time. Perhaps a stopgap solution will need to be considered. One thing is clear, though: Patrick Fonjallaz will soon need to give some thought to the succession issue.

Succession Planning Often Postponed

Some things in life are wonderfully easy to banish from your mind. Deciding what to do about the succession of your own company is

just such a thing. The fact is, it's still far too early. Day-to-day business requires your total concentration; after all, you've got responsibilities toward your employees. Business consultant Leonhard Fopp calls this the "Alpha Syndrome" (see page 36).

Whilst researching on the Internet, we suddenly hit upon Germany. There too, the oldest family firm is involved in the beverage business: The Zötler brewery, located in Rettenberg, Oberallgäu, was founded in 1447. Today, it's run by the 20th generation of the family. But our attention was then caught by an article by FAZ economics editor Ralf Nöcker: "'Don't push me!' That's the response which a consultant specialized in the sale of small and medium-sized businesses gets from a potential client year after year, whenever he seeks to talk with him about the succession issue. It should be added that the businessman in question is 97 years young. Were he to breathe his last, no one would be able to step into his shoes - there's no heir to the throne, and the only other person with signatory power is about to retire. The likely consequence of his not having made succession arrangements is that the company will be wound up, and the 40 or so employees will have to hunt for a new employer."

The problem has since been resolved, this article having been written in 2003. It's a fair bet that you'd find similar cases in Austria, in Italy and in France. But in Switzerland it's unthinkable – isn't it?

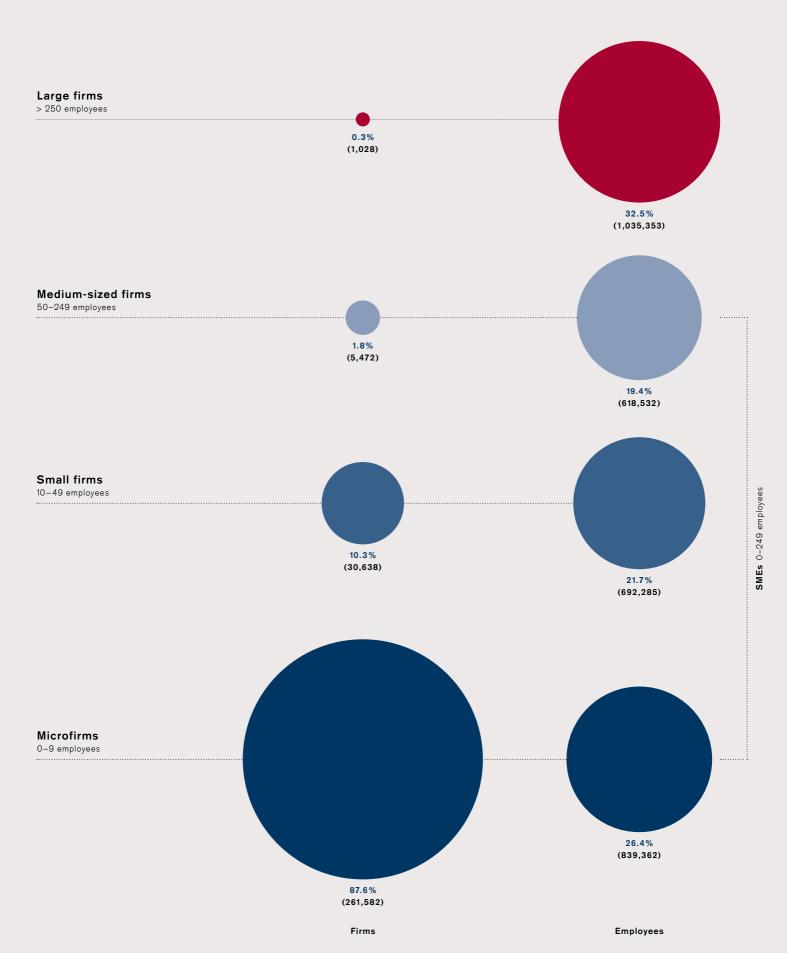
Structural Change the Natural Way

A total of 11,169 firms closed in Switzerland in 2004, although 11,788 new ones were set up. The figures for 2003 are similar, with 11,265 closures against 11,164 start-ups. Despite the net creation of 518 firms, the total jobs tally was reduced by 38,960. However, that shouldn't come as any surprise. Generally speaking, start-up firms are microbusinesses. It's not until later, when they've survived the difficulties of the first few years, that they begin to hire increasing numbers of people.

From a macroeconomic perspective, this kind of change – though painful for employees – is vital. What we are seeing is structural change in action. Back in 1850, most Swiss people were employed in agriculture (primary sector). Manufacturing (secondary sector) then became the biggest employer, and remained so until 1970. >

Structure of the Swiss Economy in 2005

Switzerland is an SME country in which the jobs are distributed on a very equal basis. By contrast, the US and Japan are dominated by large companies, while in Spain or Greece it's the microbusinesses which stand out. Source: Swiss Federal Statistics Office



Since then, it is the service sector (tertiary sector) which has filled this role. By 2005, only 5.4 percent of employees (212,526 people) remained in agriculture and 25.5 percent of workers made their living in the manufacturing sector (996,970). But no fewer than 2,701,764 people – or 69.1 percent – were employed in the service sector. Obviously, there have also been big shifts within the industrial and service sectors.

Too Many Firms Close Unnecessarily

Failure to address succession problems nevertheless helps nature in completely the wrong way. Far too many businesses close simply because the owners did not sort out the succession question in good time: By focusing on being the link, they unfortunately forgot about the chain. The SME Research Institute (Institut für Mittelstandsforschung) in Bonn reported in 2006 that around 70,900 businesses are handed over each year. In the process, the number of jobs affected has fallen from 907,000 (in 2000) to just under 680,000 (2005). It now tends to be smaller firms that are closing "due to lack of succession arrangements," but the number of businesses involved is rising: 5,900, with around 33,500 employees affected (5,000 in 2000). That equals 8.3 percent of all company successions. In Germany, businesses are handed over to family members in only 43.8 percent of cases; in 21.1 percent of cases – and on a rising trend – the business is sold to external parties.

In his book "Swiss SMEs. Profiles and Challenges" (KMU in der Schweiz. Profile und Herausforderungen), Paul Dembinski analyzes the causes of bankruptcies: financing problems (around 47 percent), management error (33 percent), lack of demand (25 percent) and internal crises (6 percent). Along with disputes and embezzlement, the latter also includes succession problems in particular.

In a survey conducted on behalf of PricewaterhouseCoopers, the Center for Family Business at the University of St. Gallen calculated that 18.5 percent of businesses had to deal with a succession issue within the next five years (equivalent to 11,441 firms every year). An average 1,843 of these firms go to the wall, taking 14,560 jobs with them. Therefore, the succession fails in around one-sixth of all cases. We spoke with Frank Halter about the succession issue from a young person's perspective (see page 34).

Credit Suisse: Succession an Issue for 50 Percent

This thorough St. Gallen report analyzed a total of 1,342 businesses in 2005. Right now, the Credit Suisse Swiss Economic Research Team is poring over 1,123 questionnaires. These were returned in February 2007, as part of the "SME Future Forum" research project. The scientific findings were not yet available as this edition of Bulletin went to print. Hans Baumgartner, head of Corporate Banking for SMEs, nevertheless comments surprisingly that succession is currently an issue for the boards of no fewer than 34.7 percent of SMEs surveyed, and for a further 30.2 percent it will become an issue within the next 10 years. Convert that number over a five-year period, and the overall figure is as high as 49.8 percent.

Swiss Are Proud of Their SMEs

"SMEs are the backbone of the economy" is a view more commonly heard in Switzerland even than "SMEs need to start their succession planning." This firstly reflects the economic significance of SMEs. Secondly, however, it mirrors the emotional bond felt by the entire population – ties which are more personal and profound than feelings toward the country's successful multinationals, whose >

Credit Suisse Bulletin Special Succession

We can learn a lot from family businesses, such as the focus on long-term strategic goals and concentration on core activities. Many family firms are listed on the stock exchange, where they turn in an exemplary performance.

About 88 percent of all businesses in Switzerland have one dominant family shareholder, according to the Center for Family Business; of these 88.26 percent are small or mediumsized, and 0.14 percent are large firms. On average, 30 percent of listed companies are family businesses. The figure for Switzerland is exactly the same, with Mexico (100 percent) and Hong Kong (70 percent) on the one hand, and Japan (5 percent) and the UK (0 percent) on the other, representing the extremes. The "Swiss Family Businesses on the Stock Exchange" (Schweizer Familienunternehmen an der Börse) study produced on behalf of Ernst & Young shows that Swiss family businesses (Swiss Family Index) significantly outperform the SPI.

Someone investing 100 Swiss francs in family stocks back in January 1990 would have seen their assets grow – after relatively sharp fluctuations – to 516 Swiss francs in January 2004; in the case of an investment on the total market, the new figure would have been 365 Swiss francs, and only 302 Swiss francs for non-family businesses.

This was confirmed by Credit Suisse analysts at the start of 2007 following research done on stock markets around the world. European Stocks with a Significant Family Influence (SSFI) have achieved an outperformance averaging 8 percent per year since 1996. In the US, they produced similar results. The focus on long-term strategic objectives, concentration on core

business, stronger management tie-in and lower degree of friction between workers and bosses make it easier to manage the business and in the long term bring greater market value. This shows striking similarities with the approach taken by private equity managers. The study was used as the basis for the launch of the Credit Suisse Family Index, which enables investors to benefit from the superior performance of the SSFI and HOLT stock selection - a model whose main criteria are valuation, operating performance as well as momentum. The world's 40 best stocks are selected every six months. Right now, as many as seven Swiss businesses feature among them, schi

achievements are nonetheless widely acknowledged at a rational level. The self-employed – most SMEs are microbusinesses with no more than nine employees – are well known in their community or district. Perhaps it's this high esteem in which they're held that makes letting go especially difficult.

In the "Swiss Identity" survey conducted by gfs.bern for Credit Suisse Bulletin (see Bulletin 5/2006), 93 percent of people said they were "very proud" or at least "fairly proud" of successful SMEs. This is a similar score to that given to "strength of Swiss brands abroad" and the Swiss economy's "international reputation for quality." Citizens' rights, such as that of launching an initiative/holding a referendum (85 percent), the Swiss militia system (holding political office while in employment, 69 percent), but also good industrial relations (62 percent), attracted significantly lower scores.

Protecting Your Lifetime's Work

But I digress: There are various ways of handling the succession issue. The options can be summed up as follows: 1) family succession; 2) external management with family control; 3) initial public offering (IPO); 4) merger with another partner or sale of an interest to a financial investor; 5) management buyout (MBO) and management buy-in (MBI); 6) sale to a strategic partner; 7) liquidation.

Generally speaking, only the last of these solutions is really fatal. Psychological factors very often play an unfortunate role in this, says Franziska Müller Tiberini (see page 34). According to a study produced by the Center for Family Business for Ernst & Young, entrepreneurs value their lifetime's work at well above the actual market rate: The study showed an average figure of 8.5 million Swiss francs versus a realistic 4.1 million. The "emotional value" built into this firstly means people are too late in beginning to let go. Secondly, they demand an inflated price when they sell up – a price no one is prepared to pay.

Succession begins from the time of a takeover, as shown by exemplary cases such as Hilti (see page 40), which drew the right lessons from difficult periods in the past and introduced a remarkable corporate culture. Now all new managers need to think first and foremost about who could replace them in an emergency. And employees are promoted in a way that means around 80 percent of management positions are filled by internal candidates. This is true without exception for the members of the board of directors and executive board, whose appointments were announced more than a year in advance of their January 2007 start date. Indeed, as Michael Hilti said at the annual results media conference at Zurich's Baur au Lac (a family business set up in 1844): "We're a boring firm. Our revenues and headcount are constantly growing, our executive board is appointed internally, and we don't 'do' scandals."

There are a lot of "boring firms" out there, which seemingly offer nothing juicy for critical journalists to write about. Together they constitute the backbone of the economy, and they're a crucial identity factor for many people. <

Further Reading:

Center for Family Business / Ernst & Young. "What Is a Family Business Worth? Total Value, Emotional Value and Market Value" (Was ist ein Familienunternehmen wert? Total Value, emotionaler Wert und Marktwert), 2006.

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Dembinski, Paul. "SMEs in Switzerland. Profiles and Challenges" (KMU in der Schweiz. Profile und Herausforderungen), Zurich (Rüegger Verlag), 2004.

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European Commission. SMEs in Focus. Main Results from the 2000 Observatory of European SMEs.

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Swiss Federal Government SME portal: www.kmu.admin.ch

Center for Family Business: www.cfb.unisg.ch

Swiss National Science Foundation: www.snf.ch

German Pensions Institute (Deutsches Institut für Altersvorsorge): www.dia-vorsorge.de

Charitable foundations: www.accentus.ch, www.symphasis.ch, www.empiris.ch

www.credit-suisse.com/corporateclients

www.credit-suisse.com/research

www.swiss-venture-club.ch > Forum > Familie-Unternehmung www.swiss-venture-club.ch > Forum > VR und Nachfolge

The Right Way to Bequeath Starts When You Inherit

In Switzerland, more money is bequeathed than saved, with inherited assets increasingly concentrated among retirees. These findings were highlighted by a study produced by a Swiss National Science Foundation project.

Some 28.5 billion Swiss francs were bequeathed in Switzerland in 2000, with another 7.1 to 9.5 billion Swiss francs being passed on to the younger generation at an early stage in the form of a gift. The "Inheriting in Switzerland" study compiled by the Office of Employment and Social Policy Studies (BASS) as part of a Swiss National Science Foundation project creates certainty in an area in which nebulous estimates, with amounts ranging between 15 and 90 billion, have floated around in the past.

The total amount begueathed accounts for no less than 8.1 percent of national income or 6.8 percent of gross domestic product, and considerably exceeds the amount of saving on the part of households (22 billion Swiss francs). The average inheritance amounts to 456,400 Swiss francs per individual testator, and 178,700 Swiss francs per beneficiary. This puts the Swiss above the pan-European average. However, the age of beneficiaries is also higher. They are increasingly of retirement age already. To put it another way, while more than twothirds of inheritances went to people under the age of 55 in 1980, the figure was only about half that in 2000. By 2020, this figure will have fallen to one-third. Due to their age, future generations will increasingly be unable to use the money they inherit to make their current life more comfortable or to finance a growing family.

Lifetime Bequests Can Make Sense

"Given this trend, lifetime transfers (or lifetime bequests, as they are known) are an increasingly sensible option these days," says Jakob Zuber, functional specialist Inheritance Consulting at Credit Suisse in Switzerland. "We advise people to think systematically about lifetime gifts as part of their inheritance planning. Transferring assets at a time when children and grand-children could do with a financial bonus is also a useful way of avoiding conflicts between beneficiaries when estates are settled at a later date.

Only one in four people who die have a will. Even where large amounts are involved, the percentage barely exceeds one in two. This is also to do with the fact that testators believe the statutory arrangements are

basically fine; they forget how things change over time: Because people don't want to think about their own death, they tend to shelve the subject.

People could be less self-conscious in discussing the subject at an earlier point – possibly for the first time when they themselves are in receipt of an inheritance. "There are no set formulas; instead we have individually tailored solutions for each situation," says Jakob Zuber. "It's important to have an overall perspective that includes retirement and tax matters. This is always based on a clarification of needs. People whose own ideas do not match the statutory arrangements really need to do something about it. This is particularly true for single people and 'patchwork families.'"

Business owners need to consider these issues at an earlier stage than employed individuals. Should the ownership structure also be revised when management responsibility is handed over? On this subject, the BASS report states: "Business transfers do not usually occur as part of an inheritance process. Gifts are used nine times more frequently for the purpose of securing the generational succession of firms than among the population at large."

Numerous Charities Benefit

Three-quarters of an inheritance remains with the immediate family, with just under four percent going to charitable organizations. That equates to around 1.1 billion

Swiss francs. It benefits numerous charitable institutions, from Pro Juventute (for children and young people) through to the WWF and the local cultural association.

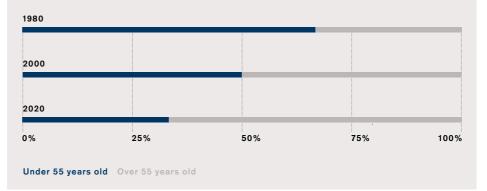
Many wealthy individuals also give some thought to the setting up of their own charitable foundation. "The legal hurdles involved are often underestimated," says Josef Zellweger. The top Swiss gymnast of many years' standing works on behalf of the Accentus, Symphasis and Empiris charities. "Unlike most foundations, they have the advantage that all administrative costs are borne by Credit Suisse," states Zellweger. "Every Swiss franc donated can be used for its intended purpose. The high-caliber board of trustees, under the chairmanship of former Federal Councilor Flavio Cotti, ensures funds are used in an optimum manner and guarantees the foundations' complete independence."

Similar Situation in Germany

In Germany the situation is not fundamentally different. According to a survey by the German Pensions Institute (Deutsches Institut für Altersvorsorge), assets amounting to more than 1.4 trillion euros will be bequeathed over the current decade. Every year around 4 percent of all households receive an inheritance, and it generally occurs slightly earlier than in Switzerland. But Professor Meinrad Miegel warns against false hopes. Only half of the households inheriting get a substantial amount. schi

Breakdown of Amount Bequeathed by Age of Beneficiary

Due to population ageing, the picture is changing for the different generations. In place of (young) families, it is increasingly (younger) pensioners who are benefiting from inheritances. In 2020, only one-third of the total amount bequeathed will go to beneficiaries under 55 years. Source: "Inheriting in Switzerland" study, Office of Employment and Social Policy Studies (BASS), 2007





"My husband always took care of everything, including our financial affairs and taxes. Stanley had always been so good to the family – and had protected and sheltered us to such an extent – that when he died suddenly, we were left in a state of chaos. We knew almost nothing about these things. During our

marriage, I had the habit of passing all these matters on to him with a slight air of distaste – like a princess. After Stanley's death, I had a lot of catching up to do." Christiane Kubrick

"In 2007, we will be honoring Switzerland's 'Entrepreneurs of the Year' for the 10th time. Who will follow in the footsteps of Walter Borner (Zimmerli Textil), Rudolf Lieberherr (Morga) and Fabio Cavalli (mondoBIOTECH) at the event in the Lucerne Culture and Convention Center on October 5, after our anniversary conference? Will anyone be awarded the title of 'Master Entrepreneur' – joining the ranks of Willy Michel (Ypsomed) and Domenic Steiner (Thermoplan)? One thing is certain: Switzerland has an abundance of entrepreneurs who have a visionary and responsible approach to business. Many SMEs have a worldwide reputation within their industry." Heinrich Christen, partner at Ernst & Young



"The Zurich Film Festival which I founded together with Karl Spoerri and Antoine Monod Jr. in 2005 - aims to promote leading young film directors from around the world so that they will one day be able to follow in the footsteps of Martin Scorsese, Stanley Kubrick and Jim Jarmusch. In a few years' time, Andrei Kraychuk from Russia and Marwan Hamed from Egypt - the best new talent to date - will hopefully be known to large audiences of filmgoers."

Nadja Schildknecht

"The research activities of the international branch of the German Archaeological Institute (DAI) in Istanbul focus on spectacular sites such as the capital of the Hittite empire, Hattuša, and the Hellenistic royal city of Pergamon. As the head of this branch from 2001 to 2006, I considered it important to appoint a successor who had the intellect and energy to pursue both long-term and new commitments in the areas of research and learning - and to do so with fresh ideas and objectives. To forge a strong relationship with his local colleagues, my successor needed sensitivity and persuasiveness to inspire his people, as well as team spirit and an ability to motivate others. Felix Pirson proved to be the right person for this role."

Professor Adolf Hoffmann

"Succession planning is a must for any art collection. Given that the owner probably knows more about the items in his collection than anyone else, he should ensure that they will be taken care of in the future. A host of different options are available, from the donation of the collection or the establishment of a foundation to the sale of individual pieces at a major auction. The name of the collector and the philosophy behind the collection can be preserved. In addition, it is possible to bequeath important works of art to the state in lieu of the payment of inheritance tax." Heinrich Graf von Spreti, president of Sotheby's Deutschland GmbH

"I inherited my passion for business and, in particular, my conscious approach to risk-taking — which is essential for any entrepreneur — from my father. We share the opinion that the things you inherit must be carefully conserved and that the success of our company is driven by the dedicated efforts and teamwork of all its employees — and not just a few individuals." Franziska A. Tschudi, CEO of Wicor Holding AG

Spotlight on Succession

A survey by Annabelle von Trott zu Solz, Mandana Razavi and Andreas Schiendorfer "Succession planning in a university is very different to the approach adopted in industry or business. In the world of academia, it is not possible to hand over the reins to a family member or 'heir apparent.' A professor's successor does not generally come from the same institution or narrow field of expertise: An external candidate from a developing, future-oriented area of research tends to be selected. This guarantees state-of-the-art research – with a corresponding impact on teaching – for the next few decades. The departing professor is not allowed to participate in the direct selection of his successor. However, he should play a decisive role in the selection of his younger colleagues for many years prior to his retirement, ensuring that professors with first-class teaching and research abilities are recruited from around the world. These individuals should subsequently display a liberal and open-minded approach, only assigning precedence to and selecting candidates of equal or greater ability, on the basis of merit. In addition to excellent teaching and research, the greatest service a professor can offer his university is to actively lend his support to succession planning, as described above." Professor Hans-Joachim Güntherodt, University of Basel



The most important thing for me as a father is that my children are happy. And that they search for happiness everywhere: no matter where they are or what they are doing. When I began acting, the performance industry was still developing. People were interested in promoting young talent. This is much less common nowadays - at least in America. If I was a young person today, I don't know whether I would have the courage to take that step again. My son might one day be a director but my daughter will be ... an actress." Matthew Modine,

American actor

"What will be the next musical event to follow the Mozart anniversary? I recalled the end of 'Così fan tutte.' After this terrible experiment on the open heart, the two couples - fortunate as they are - allowed themselves to be guided by reason: 'da ragione guidar si fa.' No more emotional confusion, no dramas of jealousy, no aggrieved souls. Many operas end with this kind of appeal to reason. Not only lovers, those who stammer about longing, but also kings are overwhelmed by this clear moment of insight into reasonable action. How terrible! We chose the title 'The Nocturnal Side of Reason' and thus the return of demons."

Jürgen Flimm, artistic director of the Salzburg Festival

"The Swiss Venture Club – the network of Swiss SMEs – lends its support to Swiss family-owned companies. This includes helping them with succession planning and the strengthening of their boards of directors using a personal and confidential approach." Hans-Ulrich Müller, president of the Swiss Venture Club



"Alfred Escher, the founder of the Schweizerische Kreditanstalt today's Credit Suisse - contributed significantly to the economic development of Switzerland. The Gotthard Tunnel, which opened 125 years ago, was a product of his initiative and drive. At the time, the tunnel was said to rival the Suez Canal as a feat of engineering and a structure of economic importance. As the managers of Credit Suisse and the successors of Alfred Escher, we continue to feel a responsibility to live up to his powers of innovation and farsightedness. Thanks to our global operations as an integrated bank, we have the necessary expertise and network of resources to resolve complex challenges such as succession planning rapidly and professionally."

Walter Berchtold, CEO Private Banking, Credit Suisse

"Gardens are a way of creating new living space. Each plant and each tree has a specific lifespan. With careful planning, it is possible to ensure that gardens are full of life at all times. Young growth mixes with old, generating a unique form of dynamism. And to ensure that I can always find what I consider to be the ideal tree, I invest a lot of time and effort in our arboretum." Enzo Enea, landscape gardener



"Since the Kunsthaus was built at Heimplatz in 1910, the Zurich Art Society has made additions to the gallery for the benefit of each

generation. Following extensions to the building in 1925, 1958 and 1976, we are now ready for its 2012 expansion." Christoph Becker, director of the Kunsthaus Zürich









The Hanse Explorer was launched in the fall of 2006. With a full load of fuel and an average speed of 12 knots (max: 13.2 knots), it has a range of more than 5,000 nautical miles (or approximately 9,250 km). Over drinks, the passengers discuss with Captain Heiko Volz (third from right top row) and Hotel Manager Esther Bruns (second from right) where the next day's sailing will take them. For the adventurous, land is usually accessed via the dinghy.

Competition

Together with Oceanstar, the cruise specialists from Travelhouse, Bulletin is giving away an exclusive trip for two people on the Hanse Explorer. You can find more details on the attached form.

Luxury Adventure

A nautical solution to combining the thrill of adventure with the training of novice seafarers, the Hanse Explorer can train up to 12 people on its voyages across the seven seas, as well as offering the same number of passengers the opportunity to experience the high seas up close – without forgoing a certain amount of luxury.

Text and pictures: Daniel Huber

Hanse Explorer logbook entry for April 29, 2007: Anchor lowered on starboard side at 7:54 p.m. in Burra Firth off the Shetland island of Noss; keel depth 12 meters. So much for the sober facts. What this log entry does not convey is the stunning and peaceful evening atmosphere that prevails across this wild and austere inlet at the most northerly point of Great Britain, the warm light exuded from the sun as it sinks below the horizon, the dreamy and almost kitschy view of the defiant lighthouse perched on the craggy cliff, the flying skills of the seagulls that swoop down and almost touch the surface of the water, the total tranquility that is only broken by the dull hum of the diesel generator, and - last but not least - the relief of the seven passengers now that the motion of the ship has eased to a gentle rocking. This journey from the southern island of the Shetland group to the most northerly point has lasted just over four hours. In fact, the swell has been far from heavy, but both wind and waves have been coming from athwart the bows, causing the 48-meter long Hanse Explorer to roll heavily. As a result, most of the landlubbers aboard have spent the journey below deck. But as the evening wears on, the world gradually returns to normality, and with one exception everyone enjoys the four-course gourmet menu against the unforgettable firth backdrop.

This unique experience was possible thanks to the training and exploration ship Hanse Explorer. The original idea of German shipowner Peter Harren was to construct a ship solely for training purposes, on which up to 12 prospective seafarers could gather highseas experience on deck, in the galley, and in the passenger service area. Because alongside all the theoretical knowledge and skill they acquire, navigation officers, safety officers, seamen, engineers, cooks, and passenger service managers require one thing above all – sea legs. At some point, the owner was then struck by the idea of inviting a few passengers along for the ride on these journeys around the world. He ultimately envisaged six extremely luxurious double cabins, each with its own bath, multimedia facilities, and an improbable amount of space. To this was added a cosy lounge on the passenger deck with its own bar area, a dining room with an authentic mahogany table for communal meals, and of course a sundeck from which to peruse far-off horizons. In principle, however, up to 12 passengers should have access to all areas of the ship. This allows passengers to look over the shoulder of the captain or the officer of the watch on the bridge, join the chief engineer in the din of the engine room, or observe the ship's cook in the galley while he prepares the evening's starter.

However, the Hanse Explorer is not just a training vessel for prospective mariners and an object of interest for nautically minded passengers, but a genuine exploration ship. As it is fitted with the latest location and navigation technology, emergency power, two independent water treatment installations, and a strengthened bow for traveling through thin ice, there are few areas barred to this 48-meter long and 10.4-meter wide vessel. This year's trip, for example, will see the Hanse Explorer sail from Scotland on to Norway, Spitsbergen, Iceland, Greenland, Canada, along the eastern seaboard of the Americas, and right down to Antarctica. The only fixed events on the voyages of the Hanse Explorer are the ports at which it will dock for embarkation and disembarkation purposes. As to which harbors and bays it will put down anchor in between - so as to let the ship's company forage ashore using the rubber dinghy - this is left very open and may change from day to day. In the evening, we sit together with Captain Heiko Volz and Hotel Manager Esther Bruns and mull over the different options

At the first drinks gathering after embarking at the port of Wick in the north of Scotland, Captain Volz cheerfully announces good news: "We're expecting excellent weather over the next few days. This gives us all sorts of options." He shows us the sea chart and gives us a rough idea of the places that lie within range. To my amazement I discover that this area includes not only the Orkney Islands, the intended destination on this voyage, but also the Shetlands or even the Faroes. My thirst for adventure is awakened. If I could only be free of this queasy feeling somewhere in my midriff that rises up on the first evening whenever there is a slight movement of the ship. And so, to get us attuned to our surroundings, we first travel along the protected coastline to Golspie and the fairytale castle of Dunrobin. Only then will we head out overnight into the North Atlantic toward the remote Shetland Islands, some 50 hours away. There our itinerary takes in the deserted island of Mousa with its imposing Viking tower and small bay, in which a score of gray seals are splashing about in the sun. Equally unforgettable is the reconnaissance trip in the dinghy along the cliffs of Noss, sometime up to 180 meters high, where thousands of seabirds such as puffins, guillemots and gannets make their nests. We then take in the mystical stone circles and the astonishingly well-preserved Stone Age settlements – just some of the things the Orkneys have to offer - and all this "in passing" as we make our way back to the mainland. <

Mastering the Future: Views of the Experts

Interviews: Andreas Schiendorfer, Mandana Razavi and Annabelle von Trott zu Solz

How is the global economy developing? What importance do family businesses have? Is it possible to find a balance between work and family? Do students possess an entrepreneurial spirit? Who prevents arguments within the family? Why do entrepreneurs suffer from the Alpha Syndrome? What do company owners do after selling their business? Interviews with John Naisbitt, Doris Leuthard, Frank Halter, Franziska Müller Tiberini, Leonhard Fopp and Peter Sauber.

John Naisbitt

Bulletin: Mr. Naisbitt, 25 years after the appearance of your book "Megatrends," are you now revealing to us the way in which the future can be unlocked?

John Naisbitt: Yes. "Mind Set!" is the answer to the question that is always put to me, wherever I am: "How can you find out what the future will bring?" The answer is simple: The future is embedded in the present. This is also one of the mind-sets that we can develop in a wholly targeted way, and one I describe in my book. These mind-sets help us to calibrate our thinking, so as to draw the right conclusions from the flood of information with which we are assailed. Of all the mind-sets that I have developed over the years, I have selected 11.

Why sacrifice all the others? Surely you are free to determine any number of thought patterns.

Certainly, but it is more efficient to focus on the most essential mind-sets. Nowadays we move in an information supermarket where the shelves are stacked so high that it is difficult to pick out what matters. We don't need any information cemeteries, but we do need a way of weighing up knowledge to help orient ourselves and achieve a source of inspiration.

Can you tell us the mind-set that is the most important for you?

"Use the power that lies in not needing to be right." Of course, when I make a judgment, it has to be as well-founded as possible. But only if I don't need to be proven right is it possible for me to imagine everything, to propose everything, to dare something. Being right prevents the individual from growing. Because without constantly querying oneself, changing oneself, and correcting oneself, there can be no growth.

Which mind-sets are particularly useful for an entrepreneur?

Ultimately that is something that everyone must decide for themselves. Generally speaking, it is a misconception to think that the world is changing at an ever faster pace, even if this is something that 24-hour broadcasters would have us believe. I say, "While many things change, most things remain as they are." If you are immune to scaremongering, you create the space to focus your energies on those fields in which change really is taking place. Entrepreneurs are expected to have foresight, as well as the ability to manage a team. But be careful: Don't get so far ahead of the crowd that you put yourself outside it.

Yet still develop visions!

It's a tightrope walk, of course. Becoming an entrepreneur is a challenge, and those who fare the best are those I describe as opportunity fishers. Because "you won't achieve results by solving problems, but by seizing opportunities." Problem solvers use the past, opportunity fishers solve problems through the opportunities of the future.

You describe images of the future. What would you particularly like to emphasize?

The necessity of new indices for the economy. The economic boundaries of the future will not be drawn around countries, but around different industry sectors. For example the automotive sector, the tourism sector, the financial sector, the pharma sector. I call these economic domains. Gross domestic product has lost its meaning as the basis for entrepreneurial decisions. Even now, global competition is no respecter of national boundaries. Just think of Nestlé, or the Swiss banks that mark out their domain beyond country borders. It's just like in sport where skilled practitioners and teams around the world compete with one another.

You're abolishing countries then!

Good grief no. The more we become economically networked, the more significant our cultural inheritance becomes. By this I in >



John Naisbitt rose to fame in 1982 with his bestseller "Megatrends." a book that was published in 52 countries and sold some 9 million copies. The American trend and future researcher and his wife Doris are now based mainly in Vienna. In his new work "Mind Set!" John Naisbitt calls for the abolition of national banks and the replacement of gross domestic product (GDP) with gross domain product. His most important mind-set is as follows: "Use the power that lies in not needing to be right." Another: "Don't get so far ahead of the crowd that people no longer recognize you're part of it." We met John Naisbitt at the sidelines of a Corporate Clients Forum held by Credit Suisse in Geneva.

Book Tips:

John Naisbitt. Mind Set! Reset Your Thinking and See the Future. New York (Harper Collins) 2006.

www.naisbitt.com



Doris Leuthard The current head of the Federal Department of Economic Affairs was elected to the Federal Council on June 14, 2006. An attorney by training, she was previously also a member of the board of directors of the NAB (Neue Aargauer Bank) and also held a seat in the National Council as representative for CVP Aargau. Since 2004 she had also been president of CVP Switzerland.

Book Tip (German, French and Italian only):
Federal Department of Economic Affairs,
State Secretariat for Economic Affairs (SECO),
KMU-Handbuch Beruf und Familie. Massnahmen
zur Vereinbarkeit von Beruf und Familie in
kleinen und mittleren Unternehmen [SME Working
Life and Family Manual. Measures to Reconcile
Working and Family Life in Small and MediumSized Enterprises]. Berne 2007. This can be
obtained free from www.seco.admin.ch > Themen
> Arbeit > Dossier Vereinbarkeit Beruf und Familie.

www.doris-leuthard.ch www.bsv.admin.ch > kmu-ratgeber www.kmu.admin.ch



Frank Halter is a member of the executive board of the Center for Family Business at the University of St. Gallen (CFB-HSG). His main areas of research include family business, conflict and emotions in family enterprises, small and medium-sized enterprises, strategic management and company succession.

Book Tip (available in German only):
Urs Fueglistaller / Frank Halter.
Führen – Gestalten – Leben: KMU in Bewegung.
Eine Auseinandersetzung mit lebenszyklusorientierter Unternehmensführung.
[Managing – Shaping – Living: SMEs in Transition.
A debate on life-cycle-oriented company management]. St. Gallen (KMU Verlag HSG) 2006.

www.kmu.unisg.ch www.cfb.unisg.ch

no way mean economic patriotism – protectionism by any other name – but the conservation of our language, customs, history and values. But something that will crumble before this century is out is the last monopoly of the state: national currencies. Because money is a product, just like cars, fridges or gold.

What is the main task facing countries?

In the first place, education. Those looking to take a slice of the global economic pie must make education their economic priority. In the second place, create an environment in which entrepreneurs can give free rein to their creativity. Countries that offer entrepreneurs the freedom to realize their ideas and support in their endeavors to establish a business by means of an appropriate taxation policy will become attractive locations for all economic domains.

What opportunities do you see for SMEs in a globalized world?

Commercial success in the future will depend on power of innovation and the speed with which a company can adapt to the market. Viewed in this light, large and bureaucratic companies will be beaten by small and agile companies, as well as by those companies that see themselves as part of an alliance of enterprises. schi

Doris Leuthard

Bulletin: SMEs continue to be described as the backbone of the Swiss economy. Would you agree with this?

Doris Leuthard: The SMEs form the vast majority of commercial enterprises in Switzerland. 99.7 percent of companies have less than 250 staff, and together these companies account for two-thirds of Swiss jobs. Companies with up to two (full-time) employees account for 60 percent of all Swiss companies, though they only employ 10 percent of the labor force. By contrast, the 1,064 large companies (0.3 percent of the total number of companies) account for almost a third of all Swiss jobs. A large majority of companies are family enterprises, some 90 percent in fact.

Together with the large companies in Switzerland, the SMEs constitute a form of symbiosis that underpins our stable and high-performing economy. The large companies bring stability, security, and institutional innovation. The small companies are flexible, allow for a smoothing of economic cycles, and produce evolutionary innovation.

How can an SME coexist alongside family life?

SMEs are very flexible, have short decisionmaking chains, and are transparent. This makes it easy for almost all staff to see how the business is going. This provides greater job satisfaction and an increased willingness to go the extra mile when things are going badly. SMEs and families make a good combination because all members of the family have a connection to the business and therefore an interest in how the business is going. Moreover, SMEs employ many part-time workers, often single women and mothers. My department recently published the "SME Working Life and Family Manual" in three national languages, which contains a wide range of possible ways in which work and the family can coexist ideally.

Is the SME segment itself a beneficiary of such a flexible approach?

The benefits of a flexible approach are certainly felt by both sides. But this flexibility

is certainly an important success factor for an SME. If this model didn't work for both the company and its workers, we would have seen a decline of the SME segment many years ago. Whereas in reality, precisely the opposite has occurred. The rapidity of change in today's economy can only be managed through flexibility. And this is where SMEs have an advantage.

There are only a handful of famous female entrepreneurs. Is this something that has been looked into?

Although the statistical database on women as entrepreneurs has grown over the course of the last decade, there is still unfortunately a lack of reliable data.

Until recently, studies by the Swiss Federal Statistical Office (BFS) did not record the gender of the company founder and owner. This issue was incorporated into a survey on new enterprises carried out last spring. The first results of this survey won't be available until the end of the year at the earliest, however.

At the same time, the BFS has conducted a one-off analysis of the data pertaining to the subgroup of female entrepreneurs contained within the self-employed grouping of the SAKE workforce survey. According to this analysis, of those continually resident in Switzerland in 2004 there were around 470,000 active entrepreneurs of both genders. The proportion of women accounted for about a third (34 percent/159,000 women), and has remained stable since 1996. If you were to exclude from the "Entrepreneurs" category those who work without any other staff and who work less than a 50-percent working week, the proportion of women would fall further to 28 percent (115,000 women).

Women tend to manage small companies. Do you think that considerations of work-life balance and responsibility toward their family mean that they simply don't want to pursue careers in large companies?

Women too have the desire to assert their own ideas, to set themselves new challenges, and to choose their own professional path. However, the necessity of juggling both career and family is likely to be an important factor when it comes to opting to work for a small company. This allows women to divide their time more flexibly. By contrast to men, company growth and the pursuit of profit are rarely cited by women as primary objectives. This is also an attribute of more long-standing

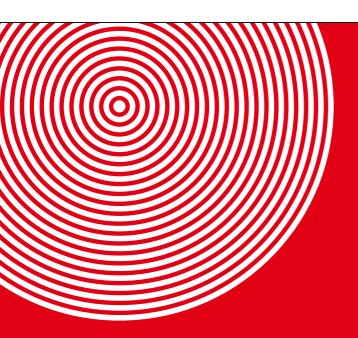
businesses. The number of women CEOs of major companies has nonetheless increased, and this is something that pleases me.

It used to be traditional for the owner to pass on the business to his oldest (or youngest) son. Is there now equality of treatment with respect to daughters in family enterprises?

A survey conducted in 2006 showed that just 4 percent of all business handovers in Switzerland were to daughters. However, I could envisage daughters having the same opportunities nowadays. They are well educated and have gained in self-confidence. But another factor here is that internal family succession mechanisms are on the decline, because families have themselves become smaller. This has produced a smaller gender selection pool. If the progeny of a family business are keen to carry it on, what gender they are becomes rather a secondary issue.

The state can best support SMEs by providing better parameters and removing administrative hurdles. What improvements can you cite for us?

The reduction of the administrative burden through the abolition of laws and regulations or through electronic solutions is not something that can be achieved overnight. >



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A number of measures, particularly involving e-government, were embarked upon earlier and are now being implemented.

A good example here is the SME portal (www.kmu.admin.ch) that provides company owners with important information on administrative processes and allows for the electronic registration of new companies. This year, the electronic transfer of wage data will become reality. The launch of the so-called form server is also envisaged. The simplification of value-added tax is another area being given priority. schi

Frank Halter

Bulletin: How many companies in Switzerland are facing the succession issue?

Frank Halter: In a study we conducted in 2005 for PricewaterhouseCoopers, the figure was 11,441 companies annually, or 3.7 percent of the total. These companies accounted for 90,387 jobs.

And how often does this process fail?

According to our extrapolated figures, each year no fewer than 1,843 companies accounting for 14,560 jobs cease operations "for lack of a successor."

What are the motives that drive the handover of a company to a successor?

By far the most common is the incumbent owner's age (81.1 percent), followed by the desire for more freedom (28.3 percent), the opportunity to hand the company over to suitable employees (18.5 percent), and the desire on the part of the children to assume responsibility (17 percent). Health and a good sales price (both 12.8 percent) are other factors in the mix.

And statistically speaking, who takes over the company?

The majority of retiring owners plan to pass the company on to their own family. This accounts for 57.9 percent of cases, of which the vast majority involve a handover to the son (84.9 percent). But family-internal handovers are on the decline, and in Germany the figure is already below 50 percent.

What other options are on the table?

For the remaining 42.1 percent of cases, the sale of the business to a third party (26.3 percent) is by far and away the most common alternative. Company-internal takeovers (management buyouts or MBOs) are also very common (17 percent), whereas company-external takeovers (management buy-ins or MBIs) are rather less common

(5 percent). Stock-market flotations (IPOs) are a great rarity (0.4 percent).

What is the state of entrepreneurial spirit among Swiss students?

According to the "Swiss Survey on Collegiate Entrepreneurship 2006," just about 75 percent of students can be described as potential company founders. However, only 2.4 percent take this step before completing their studies. 7.2 percent are considering the possibility. Immediately after graduating, not much changes: Only 9.5 percent seek an independent form of employment. Nonetheless, within five years 32.5 percent have this as their objective.

What should we make of these figures?

They are below the European average, but not to a dramatic degree. What has amazed us, however, is that Switzerland is not one of the international leaders where entrepreneurial students are concerned. Perhaps what we need to rethink is the range of studies we offer in this respect, particularly as our survey also highlighted a comparatively high degree of anxiety among Swiss students. 22 percent would like to work for a large company after their studies, 15.6 percent for a medium-sized company. Within five years according to the plans of current students these figures are halved. So many students are first consciously acquiring a couple of years of professional experience before taking concrete steps to found a company.

Are there also figures with respect to company takeovers?

0.7 percent of students go straight into their parents' business after completing their studies, a further 0.4 percent look to take over a company. Five years later both these values are a little higher, but still at modest levels: 2.2 percent are then working in their parents' companies and 2.4 percent would by then like to have taken over a company. How many students explicitly refuse to work for their family companies with a view to one day taking them over is something we cannot identify at the moment. However, the low figures suggest a declining number of family-internal succession mechanisms. schi

Franziska Müller Tiberini

Bulletin: You worked for 15 years in your father's company before you set up your own company, "familienunternehmen.ch." What precisely does this name signify, what services do you offer?

Franziska Müller Tiberini: I attempt, in the capacity of an outsider, to cover all the needs of individual family members involved in a succession process in a timely manner. Because even today, many business owners still have a tendency only to get to grips with hard facts such as taxes or equity valuations, to the detriment of the family aspect. My activities also encompass such areas as mediation and conflict resolution.

Doesn't sound so difficult ...

It may sound simple, but is actually a highly complex set of issues. Where family enterprises are concerned, it's quite common to find firmly established balances of power that mean only the needs of one person are taken into account by the succession mechanism. In these cases it is critical to take the time to acquire a fully objective view of the situation in its entirety. It is also important for people to listen to one another and treat each other fairly. In my experience, children who've been involved in the decision-making process are better able to deal with the even more unpleasant facts such as the sale of the company.

Why is the issue of succession in family enterprises more complicated than in other companies?

In short, well-functioning communication. This may be hard work, but the investment is time well spent. Many people don't realize that they have to work seriously on relationships within the family – in the interests of the business. Strange as it may sound, nonfamily companies do this better, with staff events, team meetings and workshops; care is taken to ensure that communication and collaboration work as they should. Family enterprises also need to tackle this issue in a similarly wholehearted way.

And how do you go about this in practice?

A good way of discussing such issues is to hold workshops. In addition, I conduct oneto-one interviews with all parties involved. I then present the results to the family anonymously, stripped of prejudice. This brings all problems and needs to the table. And I often find that individual family members then realize that the different viewpoints are far from as irreconcilable as they originally thought. And even if they are irreconcilable, the onus is then on the family members in question to "out" themselves and discuss communal priorities. The next stage is for a practical plan of measures to be produced. and where necessary I bring in contacts to advice on tax and inheritance issues.



Franziska Müller Tiberini "For many people it is simply unbearable to even contemplate what might happen when they're no longer there. For many people, the task of arranging their own succession is a challenging process. The issue at stake here is the finiteness of a person's working life, which is not an issue that everyone likes to engage with. For some people it is a sign of weakness generally to accept professional assistance." Franziska Müller Tiberini worked until 1991 in her family company, ending up as CEO and board director. Since 1996, she coaches individuals and families involved in a family business under the auspices of her own company, familienunternehmen.ch.

Book Tips (available in German only): Franziska Müller Tiberini, Vom Erben und Ver(d)erben [Heirs, Bequests, and Perdition], (appearing fall 2007).

Wenn Familie den Laden schmeisst – Modelle zur Führung von Familienunternehmen [When the Family Runs the Business – Models for Managing Family Businesses], (currently out of print).

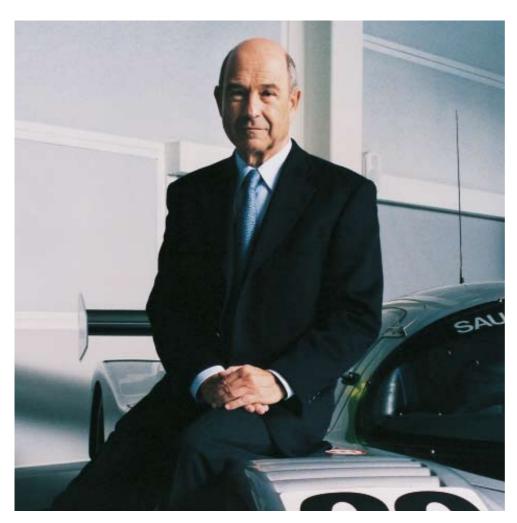
www.familienunternehmen.ch



Leonhard Fopp A business economist and corporate consultant with many years' experience as a board director, Fopp has also been a visiting lecturer at the University of St. Gallen (HSG) for the last 10 years. After 16 years as an entrepreneur, in 2000 he sold the St. Gallen Consulting Group, a company with 80 employees that he cofounded and worked for as executive partner. Until recently he was president of ASCO (Association of Management Consultants Switzerland).

Book Tips (available in German only):
Leonhard Fopp, Herausforderung UnternehmerNachfolge. Sichern Sie Ihr Lebenswerk!
[The Challenge of Entrepreneurial Succession:
Secure the Future of Your Life's Work!].
Zurich (Orell Füssli Verlag) 2004.
Leonhard Fopp, Johann-Christian Schiessl,
Business Change als neue Management-Disziplin
[Business Change as a New Management
Discipline]. Frankfurt am Main (Campus) 1999.

www.continuum.ch



Peter Sauber became Swiss racing car champion in 1970 at the age of 27 with his self-built C1 racing car. From then on he focused entirely on the construction of racing cars at his base in Hinwil. At the end of the '80s, his Sauber-Mercedes car won the Le Mans 24-hour race, as well as the longdistance world championship. In 1993 came the breakthrough into Formula One, where he made his name as a developer of new talent. He was voted Swiss of the Year 2005 by Swiss TV viewers. Ahead of the 2006 season Peter Sauber sold his racing team to BMW, while still retaining 20 percent of the equity and a seat on the board of directors. Peter Sauber has been married to Christiane since 1967. The "C" in the titles of Sauber's racing cars stands for "Christiane." The couple have two grown-up sons, Philipp and Alex.

www.bmw-sauber-f1.com

Can't your job be done by an attorney?

The attorney of the owner is not necessarily the family attorney. Many attorneys are deluding themselves if they think they hold a neutral position with respect to the family, as they are rarely accepted by the children.

So what is your concrete goal?

My goal is to ensure that the family can continue to cultivate good relations in the future, with or without a company. Because ultimately, the bitterest wars are often fought within families. As an outsider, I can act as an intermediary and help prevent such tragedies. A family business plagued by conflict is in serious jeopardy. And that's simply because communication has broken down.

So how does one ensure the continuity of a family business?

Communication is – without exception – the key. A study of successful multigeneration family enterprises also shows that such families are always organized in some way. There is a structure, a "family governance" model that clearly describes and defines what tasks fall to whom, and what authority is held by whom. This helps to prevent crises and to ensure continuity. mr

Leonhard Fopp

Bulletin: When should entrepreneurs start planning their succession?

Leonhard Fopp: It's never too early to start thinking about it. Even when an owner takes on responsibility for a company, it should be considered how external advice can be ensured, such as via the creation of a board of directors. And arrangements should also be put in place for the event that the owner suddenly dies. The key to successful generational handover lies in the "Reflection – Formulation – Action" approach, geared to longevity and continuity.

Can this be expressed in terms of actual age?

As a rule, those who run their own company are looking to sort out their life priorities from the age of 45, to develop an ownership strategy with the family from 50 onward, to develop a succession plan from the age of 60, to implement the succession mechanism from 65 onward, and to withdraw from the company completely from the age of 70.

What is decisive when it comes to proper succession planning?

The personality of the owner: his (or her) wishes, his personal commitment, his hones-

ty toward himself and others, his willingness to let go of the old ways and learn new things. But if he simply cannot handle not being the one to call the tune, he will always find reasons to delay the succession mechanism

But this kind of control freak is not likely to read your book or this edition of Rulletin!

It's a serious problem. But perhaps there may be another committed company owner in his circle of acquaintances who can make him see the kind of damage that can be done to a company when the succession issue is tackled either too late or not at all: Because when good managers start leaving a sinking ship, customers gradually start going elsewhere, and the negative spiral then simply gains momentum.

Why do some owners procrastinate so? You're clearly thinking of my "Alpha Syndrome." This term incorporates all the stumbling blocks that prevent the establishment of a rationally structured owner succession mechanism. There are a total of seven factors, and they usually crop up in combination: the urge to dominate, success conditioning, self-overestimation, too-busy-to-think escapism,

fear of not making enough money to get by, fear of the black hole, and confidence in a higher power. By taking my test based on 70 statements, a family patriarch can find out whether he suffers from Alpha Syndrome, and which stumbling blocks are particularly pronounced in his case. Even becoming consciously aware of this problem is a step toward solving it.

Your method of achieving this is called TIKUF. What does this abbreviation stand for?

TIKUF refers to a procedural sequence, with each letter standing for a different stage of the sequence in German: In English these are transparency (situational assessment), idea generation (vision and scenario), conception (blueprint), implementation (fine planning) and feedback (realization control). In difficult situations some instruments make for an ideal communications platform. Where corporate succession is concerned, the key sequence is the work-life balance, the life concept, the family concept, the company concept, and finally the actual succession planning. My model consists of 13 instruments, and can help prevent things being forgotten, as well as helping people see that handing over a company is not a bad or risky thing, but an opportunity both for the company and for the individual in question.

Is there one particular tip that you can pick out for us from all this?

Every 60-year-old should write a "life report." This should initially set out where he has succeeded in life to date – professionally, personally, and with respect to his family. He should then write what he intends to achieve in these three areas over the next 10 years, before finally setting out some practical examples for the next 12 months of his life. This tends to have a knock-on effect, and usually triggers off the succession planning process. schilmr

Peter Sauber

Bulletin: When was the first time you gave consideration to the issue of succession?

Peter Sauber: About eight years ago I had a quiet think about the way things might go on once I reached the age of 60 or 65. Sauber is an extremely specialized SME in an exotic industry sector. Formula One is not the kind of place to simply bring in an experienced manager from industry. That would be like preprogramming the collapse of the busi-

ness. No fewer than 28 racing teams disappeared between 1990 and 2005 ...

Were you pinning your hopes on your two sons?

Of course it's something I've considered, but Formula One is a high-risk business for private racing teams. What's more, it's not as if my family has racing in their veins. One of my sons is an attorney, the other a mechanical engineer. And that's fine: Passion for motor racing is not something that can be forced on anyone.

And how did you proceed with the succession issue?

Well, to start with I didn't. I suppose in this respect I behaved like many other business owners do: I didn't pursue my thoughts to any conclusion. Amidst the frenzy and intensity that goes with Formula One racing, I simply put off the issue of succession.

And then you were approached by BMW ...

No, that's not the way it worked. I had been looking for a new engine partner with a view to saving costs. And with this in mind I held talks with a number of manufacturers, including BMW. It was at this time that serious problems appeared in the collaboration between Williams and BMW, so suddenly our discussions took an entirely new direction.

What were your conditions?

I was keen to ensure the survival of Hinwil, Zurich, as a location in the medium term, and all the jobs associated with it. If BMW had wanted to move everything to Munich there would have been no deal. But the danger of such a move was actually small: The wind tunnel is Hinwil's best life insurance policy. We have one of the best, if not the best wind tunnel in Formula One. Aside from this issue, it was important that our outlook on the sport was a similar one.

And so you resolved the succession problem.

Indeed. Actually I would very much have liked to continue at the helm for another year or two. But this then suddenly became a background issue. I just knew that I had to embrace this optimum solution.

Why did you not make a clean break with your company?

I was prepared to take such a radical step, but it was the express wish of BMW that the name should be BMW Sauber, and that I should hold 20 percent of the equity and a seat on the board. The key thing here is that I don't get involved in the operational

side of the business. I took the quite deliberate step of relinquishing my office in Hinwil.

How did it feel to part from your team?

Obviously I see my former employees much less than I did, but I still attend 10 races every season. And then there are other occasions. Every so often I can be found in the wind tunnel. Indeed, during these visits I take more time than I used to, and I get everything explained to me in great detail by the engineers. And I still invite all my former staff for an evening meal in the "Kronenhalle" to celebrate long-service anniversaries, though these are private events rather than official ones nowadays.

No doubt you've got much more free time...

Actually that would be an erroneous assumption. I don't have much more free time than I used to. Unfortunately, for a long while now I've been much less efficient than I used to be. This is the thing that bugs me the most. I always used to have people around me who could provide me with organizational support. Being on one's own makes things much more difficult. And even nowadays, I often have appointments to keep in the afternoon.

But surely only after a leisurely morning at home with your wife?

I spent decades leaving the house at the crack of dawn. My wife became used to this situation and organized her own life accordingly. These are not habits you can suddenly break from one day to the next. That's why I rented an office on Seedamm Plaza. Besides, you can't begin to imagine how much mail I receive there: hundreds of invitations to charitable, sporting, cultural and commercial events. I have to be very selective to prevent it all becoming too much. And if I were to reply to every inquiry I receive myself, it would take up every spare minute of the day.

Do you go away on vacation? Throw extravagant parties on some yacht?

We have a holiday home in Laax, and always aim to spend July and February there. Spending a weekend skiing in February was an unthinkable notion for 36 years. But as long as our health holds we'll now make up for lost time. I'm also now spending an increasing amount of time on my motorcycle. But owning a yacht or other "toys" of this type has never appealed to me. In this respect my life remains unspectacular from an outsider's point of view. schilavt <



Bulletin: Why should company owners plan their succession together with their bank advisors?

Josef Meier: Frequently, a relationship of trust of many years' standing exists between the company owner and the bank advisor. The bank advisor knows the client's business in every detail and very often is familiar with their private circumstances as well. That makes us an active sparring partner for our clients – we introduce them to new processes and ideas, as well as pointing out possible stumbling blocks. Urs Dickenmann: Succession planning extends to the company owner's private assets and requires a comprehensive consideration of all the legal and economic factors. The bank assumes responsibility for coordinating all the relevant consulting areas and makes sure that capital is properly transferred from the company to the company owner. It builds the bridge between business capital and private assets.

And what is the view of succession planning from your area? Marco M. IIIy: We investment bankers show the company owners how our set of tools can help them to achieve their objectives. In the case of an IPO, for example, we do much more than just prepare the introductory prospectus. The company must be restructured in advance so that it meets the requirements of the capital market this involves, for example, separation of the private and corporate area, elimination of conglomerate structures, introduction of controlling and reporting standards appropriate to the capital market, strengthening of management and the board of directors, and optimization of the capital structure. Meier: For us corporate bankers, it is of key importance that we show the company owner various options that can be implemented in collaboration with internal and external experts. It is frequently thanks to our advisors that clients are moved to address the issue at an early stage. Dickenmann: People's needs and desires change at every stage in their lives. The private banker ensures that their assets are structured accordingly. By providing comprehensive financial advice, he helps to include in the succession planning other factors such as liabilities and assets, as well as personal needs in the areas of pensions, tax, and inheritance.

What are the particular strengths of Credit Suisse?

Dickenmann: I would like to emphasize our long-standing business relationships with a large number of company-owning families. The client also receives consolidated expertise from a single provider. This combination of client proximity and expert knowledge is unique. Meier: Thanks to our efficient cooperation across all areas, we have the advantage of being able to provide the client with a comprehensive solution within the shortest possible time that covers not just the preparatory measures leading up to the transfer or sale, but also legal questions, tax issues, as well as the entire spectrum of investment and pensions topics. We also advise the counter-

party, the buyer, with regard to the financing. **Illy:** We are one of the leading institutions in the areas of mergers and acquisitions, IPOs and private equity – those are the financial instruments that are most often used in succession planning. We are number one in Switzerland.

Apart from an IPO, what are the major solutions proposed for succession planning?

Illy: Going public and/or the involvement of a private equity partner are approaches that are taken if some members of the family wish to retain their investment, or the succession planning or withdrawal is to be achieved in several stages. Management buyouts (MBOs) and management buy-ins (MBIs) with or without financing from private equity are conceivable if the company has a strong management team with sound debt capacity. A leveraged recapitalization can be carried out if a company owner does not yet wish to leave the business, but would like to withdraw capital in order to buy out other family members, for example. Here too there is a requirement for sound debt capacity.

Which company has been exemplary in the handling of succession?

Dickenmann: There are many of them. For example, the succession at Lantal Textiles was dealt with in a model way. Urs Baumann, the company owner, addressed the issue early on and in a transparent way. Credit Suisse provided support to both the company and its owner in many different areas. The private and corporate client advisors formed a unified team and made a coordinated contribution to the successful implementation. The entrepreneur desk in Solothurn continues to maintain a good private banking relationship with the former company owner. Meier: What is exemplary is the owner's emphasis on the company and its continued existence. In addition, the current CEO and chairman of the board of directors at Lantal explain the success factors at Swiss Venture Club events, thus allowing other firms to benefit too. Illy: In Germany, a team of private and investment bankers advised Immo Ströher, the founding shareholder of Q-Cells. For reasons of asset diversification and long-term personal planning, Mr Ströher wished to place his 20-percent stake on the market in a way that would have no adverse market effects. His objectives were met by a combination of different capital market instruments. Moreover, the company Q-Cells thereby succeeded in extending its circle of shareholders and increasing the market liquidity of its shares.

When should succession planning start?

Dickenmann: In general, this topic should be addressed as soon as possible, and at least five years in advance. That leaves enough time to weigh up all the internal and external solutions. Incidentally, a study has shown that internal solutions do not necessarily take less time than external ones. schi

Taking Steps to Avoid Succession Disasters

Text: Andreas Schiendorfer

No two businesses are alike. Every business – with its strengths and weaknesses – is unique. That's why succession planning is different every time. There are no standard solutions; however, it has to be standard that all those involved find the best possible solution. A visit to standard-setting companies in Germany (Rodenstock), Austria (Resmann), the Principality of Liechtenstein (Hilti) and Switzerland (CTA, Lista, Büro-Fürrer).

Michael Hilti Hilti's Corporate Values Must Be Kept

87 percent of Hilti employees are proud to work for the company with the red case. This is due above all to its exemplary corporate culture. A majority of management positions are filled from the company's internal talent pool.

"Many of my business colleagues were surprised and dismayed when they heard that I was going to step down as chairman of the board of directors at the beginning of 2007," explains Michael Hilti. "But then I noticed that in fact we had started them thinking. And of course I will remain associated with the company as a director and trustee." Many were keen to find out more about the succession management process and the company culture at Hilti, so that they could also introduce it to their own organizations. "You can't just click your fingers and hope that everything's going to fall into place. It's about a process which takes many years and which is only successful if – despite occasional setbacks – you stay with it. The magic word is 'continuity.'"

Succession planning is an integral component of corporate culture. It can be summarized in the following four key values: integrity, the courage to change, teamwork and commitment. In 2003 Hilti was awarded the illustrious Carl Bertelsmann Prize by the Bertelsmann Foundation. Nevertheless, the emphasis at Hilti is on the fact that it is a process, not a condition – a journey, not an arrival: "Our culture journey."

"Every 15 to 18 months the 18,000 employees from around the world meet in their various teams. In these team camps they openly

discuss what can be done better and how the company's guiding principles can be more effectively put into practice. In 2006 we invested 12.5 million Swiss francs and 32,000 working days in this process," explains Chairman of the Board Pius Baschera. These workshops, which run over several days, naturally also strengthen employees' identification with the company. For many years now Hilti's scores in this area have been extraordinarily high. "In a survey in which 92 percent of the workforce took part, 87 percent of staff declared that they are proud to work for Hilti," continues Baschera, who has been working for and committed to Hilti since 1979. In the last survey 87 percent of respondents stated that they intended to stay with the company over the long term and were planning their career within the company.

In the long run this degree of employee loyalty only works if there are real opportunities for progression within the company. "We fill 80 percent of our management positions from our internal talent pool," emphasizes Baschera. "We invest a lot of time in training and developing our staff. At every meeting of the executive board we spend at least an hour with top management – the executive management team – discussing staff training and development and specific succession planning issues, and we also reserve a half day for the same topics at two meetings of the board of directors," Baschera adds.

Nevertheless, it is not always possible to fill the most important positions from within the company – and in cases like this Hilti hires suitable candidates at an early stage so that they can be developed and molded in the company. On the one hand, these candidates need to acquire the necessary company-specific expertise and, on the other, it's important to see if the new management candidate fits the Hilti corporate culture – in good and in difficult moments. In the few cases where unsuitable candidates were appointed the problems were much more to do with character issues than a lack of managerial skills.



Hilti AG Michael Hilti (left) and Pius Baschera (right) have been formative influences on the Hilti Group for around 30 years and have developed the business, which was founded in 1941 by brothers Martin and Eugen Hilti, into a world-renowned company. Hilti, which is headquartered in Schaan in the Principality of Liechtenstein, supplies the construction industry worldwide with leading-edge technology products, systems and services. In 2006, two years earlier than had been planned in the "Champion 3C" (Customer, Competence, Concentration) corporate strategy, sales exceeded 4 billion Swiss francs. The company intends to double its sales once again by 2015. Hilti currently employs around 18,000 people.

Bo Risberg, the new CEO, joined Hilti in 1999 from a management consultancy as head of the Drilling and Demolition business unit, was appointed to the executive board two years later and became CEO after a further six years. The other three members (Christoph Loos, Stefan Nöken and Marco Meyrat) were appointed to the executive board after five, six and sixteen years respectively. "At Hilti, people have the opportunity to rise into top management while they're still young. Someone who then devotes a further 16 to 20 years of their life to the company has earned the right to retire or, if they so wish, to move to the board or the trust," explains Michael Hilti. "That's why we introduced age limits – 56 for members of the executive board and 70 for the board of directors." However, exceptions are possible whenever the situation demands. For example, CFO Egbert Appel - who is now the managing director of the Hilti Foundation - remained on the executive board because the company wanted to give his designated successor a further year to prepare for his new role.

The company has also learnt from its mistakes. No one at Hilti had seriously addressed the issue of succession planning until 1972 when company founder Martin Hilti had a heart attack and a new solution had to be found immediately to fill the vacancy at the top of the company. The attempt to use an external candidate was a failure – as had to be admitted two years later. Michael Hilti joined the family business at that time – earlier than had originally been planned. "Ever since that time one of the first tasks that each of our managers has to address is who could replace him in an emergency." The two Hiltis, father and son, worked together in the business for 16 years. What fails in many cases turned out to be a great opportunity for the Hiltis – an opportunity that found its expression in the company's distinctive culture.

In 1986 Hilti became a listed company, but in 2003 during the global stock market crisis the company returned to private hands. In order to preserve the material and nonmaterial interests of the Hilti family over the long term, the voting shares were concentrated in the Martin Hilti Family Trust. This was only possible because Martin Hilti's wife and children agreed to forego their inheritance in 1980. "But we did it in order to allow our father to secure and develop the Hilti Group unfettered by the interests of individual family members," explains Michael Hilti. The trust has a controlling committee and a management committee on which the family members are in a minority – as on the board of directors. The family deliberately wants to make maximum use of external knowledge and talent for the benefit of the business.

For more information see www.hilti.com or www.credit-suisse.com/infocus > Dossiers > Succession > Hilti.

Beatrice RodenstockThe Fifth Generation Goes Its Own Way

Rodenstock has stood for high-quality spectacle lenses and frames since 1878. Randolf Rodenstock, a representative of the fourth generation, has been chairman of the supervisory board since 2003. In order to cover capital requirements, he opened the company up to partners from outside the family. At present Rodenstock employs around 4,300 people and generated sales of more than 370 million euros in 2006. Beatrice Rodenstock, the daughter of Randolf Rodenstock, is the managing partner of management consultants NaviGet GmbH in Munich.

A testimonial, recorded by Andreas Schiendorfer.

As a child it wasn't easy going by the name of Rodenstock. In Munich it came with special expectations. One was under observation; one had to set an example and be able to perform under pressure. I don't think that I quite lived up to all the expectations – at school I was a "normal" pupil and did my best not to stand out from the crowd. I suppose that my grandfather, who managed the business until 1990, was a little disappointed that I was "just" a girl. My father took some time to get used to the idea – above all because I didn't ask him, the scientist, the right questions: How does a clock work? Why do people see better with glasses? What makes the sky blue?

My father never put me under any pressure to join the family business. His attitude was: You don't have to come on board, but if you do, then it must be in a management position, with qualities that the best external applicant for the job would also have. That naturally meant that expectations were extremely high. So, first of all, I studied a subject that really interested me: sociology.

At the same time I did odd jobs – a hankering for independence was always a factor with me. My mother was also a role model in this respect. She always had a degree of independence through her work as a psychotherapist. But it was the business that had the biggest impact on our lives. My father was never quite able to "switch off" at home. He had a lot of representative duties to fulfill, but there were also enjoyable inspection trips to the foreign branches...

Now and again there were difficult moments. My grandfather had managed the company for 13 years as the boss alongside my father. Afterwards it was difficult for my father to establish a more up-to-date company culture. It became essential to reduce the

number of staff in Germany and increase production and the number of jobs in other countries. These decisions had to be taken; otherwise the company would no longer exist. Nevertheless, it's a big burden for the owner of a family business to make people who have put their fate in your hands redundant.

Then I too caught the entrepreneurial bug. Did I, somewhere at the back of my head, still have thoughts of joining the business after all? Could be, but I never homed in on it directly. After my experience with an in-house consulting team in a large company in Germany I founded an Internet portal together with some colleagues and learned a lot about business; but in terms of the content of what we were doing, this wasn't really my world. So, starting in 2001 I worked as an independent business consultant. In 2003, together with two colleagues, I founded NaviGet GmbH, where I have been the managing partner since 2004. Here I can make the best possible use of my strengths, especially in dealing with topics like succession planning in family businesses and optimizing change processes in companies. At the same time I studied for an MBA at the University of St. Gallen.

In 2002/2003, although he was only 55, my father had to start actively considering the question of securing the future of the business. The business needed massive financial support in order to grow – support that the family alone was unable to provide. The family business became a limited company, which is now only 10-percent owned by the family. My father still has an important role in the company as chairman of the supervisory board.

If the circumstances were right, I could certainly see myself taking a seat on this body at some point. Rodenstock for me is the valuable brand of a business with which our family has traveled a shared path for 125 years. But my identification with the brand is no longer as intense as before. I say that without false sentimentality. It was a matter of the survival of the business and of the survival of the family. When I look at the current state of the company and the number of employees, I'm happy to be able to say that the succession has worked. And relationships within the family are better than ever.

NaviGet GmbH and my father have a cooperation agreement. Nowadays we work together on some consultancy issues – particularly when they have to do with succession planning in family businesses.

It was a good thing for me to go my own way and found a new family business. It keeps things fresh – also as far as working together within the Rodenstock family is concerned.



Rodenstock GmbH Germany's leading manufacturer of spectacle lenses and frames was founded in 1877. The company employs around 4,300 people worldwide, has production facilities at 11 locations in 10 countries and generates two-thirds of its added value in the fabrication process in Europe, 75 percent of it in Germany. Beatrice Rodenstock (pictured here at the company's headquarters in Munich) does not work in the former family business. In 2003, together with Diedrich Diedrichsen and Volker Schad, she founded the management consultancy NaviGet GmbH, which today employs 10 permanent staff and has access to a wide network of independent consultants. NaviGet specializes in goal-oriented strategy implementation, process optimization and organizational development. It provides consultancy services relating to succession planning in family businesses and development process optimization, and offers coaching for management staff.



Gregor Andreoli (from right) has every reason to be happy – his tie looks great and he has found the best possible successor in his son. Thanks to his interest in environment-friendly products and a flair for marketing, son Marco Andreoli will continue the company's development. Meanwhile, Hans Baumgartner of Credit Suisse will take care of the financial aspects of the succession, and Ladina Schmidt of the Institute of Applied Psychology in Zurich will have another good example to cite in her next lecture on corporate succession.

CTA AG Air Conditioning and Heat Pumps – a Twofold Challenge

CEO Marco Andreoli and Chairman of the Board of Directors Gregor Andreoli last year celebrated the 25th anniversary of CTA AG together with the company's 120 employees. And this year will see the inauguration of the company premises' third extension. A visit to a hidden champion.

After a brief tour, Gregor Andreoli enthusiastically fills us in on the story of CTA – from its founding in Zurich in 1981 and its relocation to Münsingen just a short time later to his 2005 handing over of the reins to his son Marco, whom he had long been grooming for that role

So is this a classic example of how to handle the tricky question of corporate succession – a problem which, because it theoretically does not exist at all in practice, is usually discussed in anonymous terms? Ladina Schmidt of the Institute of Applied Psychology in Zurich asks what happened to Andreoli's erstwhile employer. The company was broken up and sold, explains Gregor Andreoli, as a result of which it was not clear who would be taking over. It was this that made him set off in quest of another challenge – a challenge he found in CTA AG. Schmidt generalizes the situation as follows: "Involving family members in the running of the company only pays off if they are at least as well qualified as people from outside the family. The nature of family relations and family members' notions of fairness are such, however, that this often proves very difficult in practice."

So what exactly happened at CTA? Marco Andreoli first completed a course of training in commerce, then went on to study marketing at the School of Economics and Business Administration and later served internships both at CTA in Geneva and at a supplier in the UK. Was all this in preparation for taking over from his father? "Yes, it was, although when I got back from England, I wasn't at all sure where my career would end. I had trouble getting accustomed to the Bernese mentality again..." recalls Marco Andreoli. But he still joined his father's firm. And, after working in various posts, was at last given responsibility for the heat pumps division — which at that time was relatively unimportant but thought to have a promising future. "Being able to build something up all by myself was very motivating," says Andreoli junior, adding "it made me a second-generation pioneer."

And his father agrees: "The heat pumps division was crucial to our future," he says. "CTA now has four mainstays: air-conditioning, refrigeration, heat pumps and services. The heat pumps division based on our own Optiheat pump has become ever more important

The View From Credit Suisse

"We are proud of SMEs like CTA which have earned their place in the market with top-quality products and as such are a great advertisement for Switzerland Inc. And as CTA's house bank, we are also proud to have been able to help it grow and develop over the years. CTA has not had to face any major financial challenges as yet. This could soon change, however, if – as seems likely – its expansion into Germany causes turnover to shoot up in the longer term to around 100 million Swiss francs. Without a thorough analysis, it is of course impossible to say which course of action would be best for CTA in such a case. But with our experience as house bank for corporate clients and a global network which includes contacts with venture capitalists, I am confident even now that for an SME as solid and in such good shape as this one, we would be able to find a very good solution. An injection of mezzanine capital so as to avoid any change of ownership would also be conceivable."

Hans Baumgartner, head of Corporate Clients Switzerland – SMEs www.credit-suisse.com/corporateclients

over the years. At the same time, Marco was proving to us that he really did have the leadership qualities needed to be able to develop the company."

Marco Andreoli joined the executive board in 2001. Even then, his father knew that five years later he would have to find a successor. "In 2004, I took an extended holiday and asked the board to use the opportunity to agree on a new CEO. That they chose Marco naturally delighted me."

And what would have happened if they had chosen someone else? "Andreoli senior would certainly have been very disappointed, but in view of his previous experience would undoubtedly have been strong enough to accept even that," says Ladina Schmidt. "The company has to be at the center of everything you do. A family member unable to cope would be very damaging, and you cannot insist on a CEO who is not accepted by those who have to work closely with him. At CTA, however, it all came together."

And what happens next? "My father has slowly but surely withdrawn from active business and these days gets involved only when there are matters of strategic importance to be discussed," says Marco. And Andreoli senior? "I took it upon myself to spend two years coaching Marco. Then he will be elected to the board of directors and there will be an incremental transfer of shares until he holds the majority stake in the company. I must also ensure that my estate – the company, the real estate, the cash assets – can be split up, so that my other children – one of them a lawyer, the other a freelance photographer – will not be disadvantaged."

www.cta.ch



Lista and Credit Suisse have enjoyed a relationship of trust for several decades. Personal contacts, such as those between Fredy A. Lienhard (right) and Urs P. Gauch (left), head of Corporate Clients Switzerland – Large Corporates, are invaluable here.

Lista B + L, Lista Office

"Entrepreneurs Need Time, Patience and Money"

What surprised Fredy A. Lienhard most of all was that Lista B+L ultimately went not to an industrial buyer, but to a holding company. But when searching for a successor, it is important to keep all options open and to select whichever one is best for the company.

"Thinking seriously about a successor is something that is optional at 50, advisable at 55 and an absolute must at 60. It's not a sprint, but rather more like a marathon," says Lienhard, for whom most things simply cannot happen fast enough and who has just returned to Arnegg from Monza, where he won the 1,000-km race in the European Sportscar Championship.

The solution this youthful-looking racing driver found for Lista B+L (business and warehouse furnishings) and its 800 employees was signed and sealed on September 15, 2006. While the majority stake went to the holding company Capvis, 13 percent went to the top management and he himself retained 25 percent - if only for the sake of his employees and customers. "I wanted to secure the long-term future of the company and the brand, so instead of an auction we organized just a private roadshow for eight carefully selected potential buyers," recalls Lienhard. "For strategic reasons, I was prepared to consider only industrial buyers at first. Once those negotiations ended in disappointment, however, I turned to private equity partners instead, despite the fact that these would not be able to offer either complementary products or a sales network." The sales price was not the only decisive factor, he says, although a buyer who was not willing to pay an appropriate price for the company right from the start would probably not look after it properly either. He then paid his employees a hefty one-off bonus an idea he borrowed from Klaus Gebert of Geberit AG. "I fully accept that the new management does not have exactly the same corporate philosophy as I do. Which is why I wanted the break to be as clean as possible," says Lienhard. He did not remain on the board of directors either, but delegated this job to a man in whom he has complete confidence.

Lienhard Stahlbau, originally a manufacturer of garden furniture and clothes lockers, was founded in Degersheim in 1945. The company moved to Erlen in 1951; Alfred Lienhard, who like his son was also a racing driver, knew Erlen because of the racetrack there. When Alfred died suddenly in 1970 at the age of just 44, his 22-yearold son Fredy was still a student in St. Gallen, preparing for what would ultimately be his job at the helm of his father's company. Not only did Fredy take over his father's firm, but he completed his degree and officer training course and continued his studies at Harvard. Yet none of this would have been possible without the support of the company's CFO, Albert Schönenberger - who,

Support from Credit Suisse

"Lista is now 62 years old and that's precisely how long the family of proprietors has enjoyed good relations with Credit Suisse. We are talking here about triple-A client relations based on what is actually a double-A rating. Albert Angehrn senior, head of the bank's St. Gallen branch, had looked after the company from the very start and following the unexpected death in 1970 of its founder, Alfred Lienhard, who was also a personal friend of his, agreed to help manage Lista as a member of its board of directors. Albert Angehrn and Fredy Lienhard are today still good friends, except that the reference in this case is to the two sons, the former of whom is head of Swiss Corporates at Credit Suisse in Zurich. In addition to the personal contacts, this successful business relationship is based on our customized and comprehensive range of products. We are proud to support such an exceptionally growth-oriented entrepreneur as Fredy A. Lienhard in the implementation of his acquisition, rationalization and expansion projects. These include projects such as acquisitions using structured financing, based on the projected free cash flow for the coming years. The idea is to exploit the expanded company's capacity for debt to the full so as to optimize the overall costs of capital."

Urs P. Gauch, head of Corporate Clients Switzerland -Large Corporates

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during Fredy's absence, managed the company with an expert hand – as well as two friends of his father's, who agreed to join the board of directors.

In late 2004, Fredy A. Lienhard invited a professional to join the board of directors. This was Jörg Wolle, who, after analyzing the complex situation in the by now separate legal entities of Lista Office (office furnishings) and Lista B + L, initiated the succession process: "I had already defined my proprietorship strategy back in the mid-90s," says Lienhard. "Only now, however, did I become aware that I was wearing too many corporate hats," he explains. "Lista B + L has a great future ahead of it - at least for someone who is willing to work at it wholeheartedly and to invest the necessary time, patience and money. I realized that, after 36 years on the job, I was no longer the ideal proprietor; and certain management problems in Germany made my decision all the easier."

Lienhard nevertheless decided to hang on to Lista Office - which although smaller than Lista B+L also has sales fast approaching 100 million Swiss francs per annum - and ALID Holding AG (finance and car racing). Has he begun looking for a successor for these companies too? "Yes and no," says Lienhard. "My daughter Franziska has a real flair for architecture and design and could imagine taking over Lista Office one day. Right now she has a job in the United States, so her joining the firm is not imminent."

www.lista.com; www.lista-office.com



Resmann Couture Helga Rabl-Stadler is known outside Austria as the president of the Salzburg Festival. But she is also the third generation to manage the family business, Resmann Couture, founded in 1923 as Resmann Furs and Hats. As well as working in the family business, she has enjoyed success as a member of Austria's National Council and in the Salzburg Chamber of Commerce. The transfer of the business to the fourth generation is imminent.

Helga Rabl-Stadler **Succession Issues Present Throughout My Life**

She gave up her career as a journalist to support her mother in the fashion trade. Soon the business will be handed on to the fourth generation. But succession issues also play a role in politics, in the Chamber of Commerce and at the Salzburg Festival. A testimonial of Helga Rabl-Stadler, recorded by Andreas Schiendorfer.

People in Salzburg say, "I'm getting out at Resmann" when they take the city bus to the town hall, which stands right beside our premises. Resmann is the first house on the square. Clients come to us because they find all the major fashion labels under one roof.

And yet it was never my intention to join the family business. I studied law in Salzburg and then found out very quickly that the law had very little to do with justice. I turned to journalism. It was my dream profession - and still is. I'm an information junky and I'm convinced that only an informed individual can react correctly to challenges.

I never planned a career, but at the age of 21 I was absolutely convinced that I would make my mark in Vienna - and then it actually happened. I wrote for Die Presse and the Wochenpresse, and I was the first woman to have a political column of my own - with my picture at the top of it – in the Kurier.

I got married, had my first son and continued with my writing career. My path in life was clearly marked out for me, and I was happy with my situation. Until my mother called me from Salzburg in 1978 and explained that the business was beginning to get too much for her and that she urgently needed support; otherwise she would sell out. I had never been especially interested in fashion but there I was, pregnant with my second son and faced with a very difficult decision. I had to consider everything very thoroughly, and yet everything had to happen quickly. In the end I did what I had to do, not what I wanted to do. In addition I had realized that if I continued to work as a journalist in Vienna – alongside my husband, Peter Rabl, editor-in-chief of the Kurier, and my father Gerd Bacher, director of the Austrian Broadcasting Corporation (ORF) - I might begin to find it all a bit cramped ...

Speed is one of my strengths. I live at high speed. When, later on, I was nominated for political office in Salzburg, the party leader introduced me like this: "This is our new candidate for the National Council. She married in 1976, had her first child in 1977 and the second in 1978. Now she's standing for election. Everything that she does, she does quickly."

The move from spectator to performer interested me. I developed an enormous passion for politics. As an Austrian People Party (ÖVP) member of the National Council from 1983 to 1990 I was frequently in Vienna. In addition, in 1985 I became vice president of the Salzburg Chamber of Commerce, so in my fortieth year I became the first woman ever to chair a meeting of the Chamber of Commerce. I became vice president because I was a woman; but I became president despite being a woman. I benefited from the fact that my predecessor wanted to manage his succession actively – together with me. He didn't want any energy to be lost in trench warfare. Instead he wanted to invest the available energy in moving in a new direction, in demolishing outmoded structures. He helped me to attract two experienced vice presidents, who held no further ambitions, to the organization from important business sectors.

As a result of my political office I was now also a member of the curatorium of the Salzburg Festival. When the president, Heinrich Wiesmüller, wanted to step down after 20 years, I let him know that I was interested in the position. This was the first time that I actively canvassed for a particular post and in 1995 I was able to take on what was for me an absolute dream job. However, my appointment wasn't entirely uncontroversial because it was of course also very much a political decision. Yet the Socialist minister of culture had confidence in the Conservative candidate. But I believe that as the festival's "foreign minister" I have demonstrated political neutrality. Moreover, I have been able to put the Salzburg Festival on a much broader footing among Austrians and strengthened its international reputation in a period when festivals have become so commonplace. I am now in great demand as a speaker. I really enjoy communicating – regardless of whether I'm addressing the Friends of the Salzburg Festival in Zurich or Munich or the members of a local club somewhere in the Salzburg region. In 2004 my contract was extended for another seven years. I really don't want to think any farther ahead than that - carpe diem.

Looking back, I sometimes ask myself how I've been able to deal with so many different priorities at once – my family, the fashion business, politics, the Chamber of Commerce, and the Salzburg Festival. One of the main reasons was that I was able to find someone to whom I could entrust the upbringing of my two children. And I had to make some sacrifices. For example, I gave up our shop in Linz and resigned all my directorships when I became president of the Salzburg Festival. And the differing locations and careers certainly contributed to the breakdown of my marriage. And there were other setbacks to be overcome, but I'm lucky that by nature I'm not easily frustrated.

At the same time I have to emphasize that my activities were a blessing in terms of keeping the peace in the family. Although my mother was very generous, she was unwilling for a long time to let go and allow me to run the business. In fact it only happened when she was 70 and I was 50. This transitional phase therefore lasted for a very long time, and if I hadn't had my other life in politics it might well have resulted in a crisis ...

I have planned to hand over operational responsibility for the business to my son Sebastian, who is currently gaining some management experience in his own small fashion business, when I reach the age of 60 – in other words, in two years' time. I deliberately want to avoid the trap of feeling more and more indispensable as I get older.

Finally, on the issue of succession I'd like to quote Prince Schwarzenberg; this is a principle that I've always stuck to in my public life: "I give no advice to my successor. Advice only gives pleasure to the person giving it."

www.resmann.at; www.salzburgfestival.at

Marcel Queloz-Fürrer Future Secured Thanks to Sale to a Global Player

In March 2005 Büro-Fürrer, a company with a tradition reaching back to 1877, was sold to Lyreco, a French family business. Since the company was able at the time to negotiate from a position of strength, all those involved remain convinced two years later that they did the right thing.

"Ein klar' Konzept ist äusserst wichtig, Und deshalb schliesst man, folgerichtig: Das schlimmste ist, in solchen Dingen, Sich selbst aus dem Konzept zu bringen – Es kommt zum Ziel auf dieser Welt, Nur, wer die Weichen richtig stellt."

[The crucial thing's to have a plan And then advance as best you can. Observe whatever's in your range And quell the urge to chop and change. You'll only get there in the end, If you proceed as you intend.]

This stanza can be found in "Vom Tintenfass zum Computer" [From the Inkwell to the Computer] and was written by Rudolf Hans Fürrer in 1987 on the occasion of Büro-Fürrer's 100th anniversary. Fürrer wrote this amusing and thought-provoking business guide before handing over operational control to his son-in-law Marcel Queloz-Fürrer – and hence the fourth generation – one year later. Then, after 130 years of history, when the fifth generation would have been able to grow into the responsibility of running the company, it was sold in March 2005 for around 100 million Swiss francs to French global player Lyreco, a family business founded in 1926 with sales of more than 3 billion Swiss francs.

If we turn the wheel of history back again by a few years, we encounter some far-sighted entrepreneurial decisions that would have given no indication of this later course of action. At the height of all the technology hype, in 1996, Büro-Fürrer sold off its IT division and directed all its energies instead into the Coffee Systems division, which was founded in 1997. This visionary courage was rewarded in 1999 when Ernst & Young named Marcel Queloz-Fürrer Entrepreneur of the Year. "In fact, all we did was change machines from computer machines to coffee machines," explains Marcel Queloz-Fürrer in the book "Visionäre, die sich durchsetzen" [Visionaries Who Succeed]. "At that time everybody told us that we were mad - why were we, as office suppliers, selling coffee? The competition thought it was hilarious." In 1999 they sold just 6 million Nespresso capsules, but in 2006 – thanks to the prudent leadership of Rudolf M. Fürrer (member of the executive board) - they sold 50 million.

In 2002 they opened a new distribution center with 15,000 square meters of space, thereby providing the company with the capacity for further expansion, particularly in the area of office supplies. At the same time the proportion of e-commerce orders was >



Lyreco/Büro-Fürrer The French family business Lyreco took over Büro-Fürrer in March 2005. The Office Supplies and Coffee Systems division is now known as Lyreco, while the Office Equipment division continues to operate under the old Büro-Fürrer name. In 2006 the company's 400 employees managed to push up sales by 9.5 percent to 163 million Swiss francs. Our picture shows former CEO Marcel Queloz-Fürrer (left) with his successor Thomas Illi.

growing steadily and was soon accounting for 70 percent of all orders. This made Büro-Fürrer probably the most modern company in its sector in terms of logistics and online processing. And, after some economic ups and downs, the company reported excellent results once again in 2004.

Was the sale really necessary? "When you're looking at succession issues in a company, it's important that all the family is in agreement," emphasizes Marcel Queloz-Fürrer, who has been working in the business since he was 37. When the company was sold, the family retained 51 percent of the shares and 80 percent of the voting stock. "After a thorough analysis with professional support, the three branches of the family came to the conclusion that the entrepreneurial risk was simply too great for a successor from within the family. It's true that Büro-Fürrer is in excellent health, but it's just too small to remain independent in the medium term." Even if the company had merged with one of its competitors it would not have created the necessary critical mass. Expansion overseas was not an option because of the fierce competitive pressures in the sector.

"The company also had important strategic gaps," states Queloz-Fürrer quite pragmatically. "Turnover was too low for us to be able to build up a high-quality, low-cost, own-brand operation. Sales volumes were too small for us to be able to counter the increasing pressure on margins. And volume plays a key role, also in the area of IT. Another key factor was that internationally active companies increasingly want to be able to deal with a single partner in all countries."

The process really started in 2004 when one of the four dominant global players approached Marcel Queloz-Fürrer with a takeover offer. Since Büro-Fürrer was undoubtedly an outstanding business, it proved possible in the end to negotiate a price that all involved – even non-family shareholders – were happy with. More than

3.5 million Swiss francs of the sale price was distributed among employees.

Five factors were crucial for the success of the deal: 1. a healthy growing business, 2. a clear vision of the future from owners and management, 3. a designated successor in the management team, 4. tried-and-tested high performers and clear structures, and 5. a relationship of trust with the potential buyers.

Even after the sale there were five points to consider: 1. the development of a basis of trust with the new owners, 2. security for employees, 3. continuity vis-à-vis customers, 4. support for the new management team, and 5. letting go.

All these expectations have now been met. Marcel Queloz-Fürrer – who remained as head of independent subsidiary Büro-Fürrer AG Office Design for a further two years, working three days a week – will be leaving the business in 2007; his brother-in-law already left the company in 2006. Thomas Illi, the former CFO of Büro-Fürrer, has taken over as CEO of Lyreco Switzerland – the company name was changed on December 1, 2005 – and has successfully managed the complex integration of the company into the Lyreco group.

And letting go? Marcel Queloz-Fürrer, who is now 63 years old, says: "I'm certain that you can only move on to fresh ventures when you let go and allow things to develop in their own way. I've now reached that point." He is sure to find his new ventures, exactly like his predecessor and role model, Rudolf Hans Fürrer, who published his 11th book "Literarische Seitensprünge" [Literary Affairs] in 2005 at the age of 90.

www.lyreco.ch; www.fuerrer.ch

Brochures



Thinking New Perspectives

The ability to create something new while preserving the tried and trusted has been one of the strengths of Credit Suisse for over 150 years. The speedy development of markets, allied to the multitude of investment options and the challenges of international competition demand increasingly innovative strategies in order to open up new perspectives. The Private Banking brochure "Thinking New Perspectives" gives you an overview of the services and products of Private Banking, taking into account all aspects of clients' individual situations and personal needs.



Succession Management in SMEs

The new leaflet "Succession Management in SMEs: A Practical Guide" (not available in English) is not only aimed at entrepreneurs, but also partners and potential successors. It describes a possible procedure for succession planning and refers to various specialist issues.



Inheritance Advice

The importance of an in-depth consultation, taking into account all the pensions and tax questions that can arise in relation to early succession planning in all areas of matrimonial property and inheritance law, is shown in the brochure "Inheritance Advice. Integrated Solutions for Your Succession" (not available in English). Detailed information can be found in the handbook "Matrimonial Property Law and Inheritance Law – A Practical Guide to Estate Planning" (not available in English) – Price: 20 Swiss francs. Ask your relationship manager for a copy.

Glossary

Due Diligence Due diligence (DD) is the process by which the subject of a contract is investigated prior to acquisition in the event of the purchase or sale of a company or parts thereof. Due-diligence investigations include, in particular, a systematic analysis of the strengths and weaknesses of the object of purchase, an analysis of the risks associated with the purchase, as well as a detailed valuation of the object. Items examined include, for example, balance sheets, human and physical resources, strategic positioning, legal and financial risks and environmental damage. A targeted search is made for so-called deal-breakers, for example circumstances that could stand in the way of a purchase – such as contamination in the case of a property purchase or unsettled trademark rights in the case of a business purchase.

Leverage Effect The leverage effect means that with given profitability of total capital, a rise in borrowed capital will result in an increase in the return on equity, provided the profitability of the total capital is higher than the interest on the borrowed capital.

M&A Merger & Acquisition is the umbrella term for company mergers and the takeover of companies by other companies.

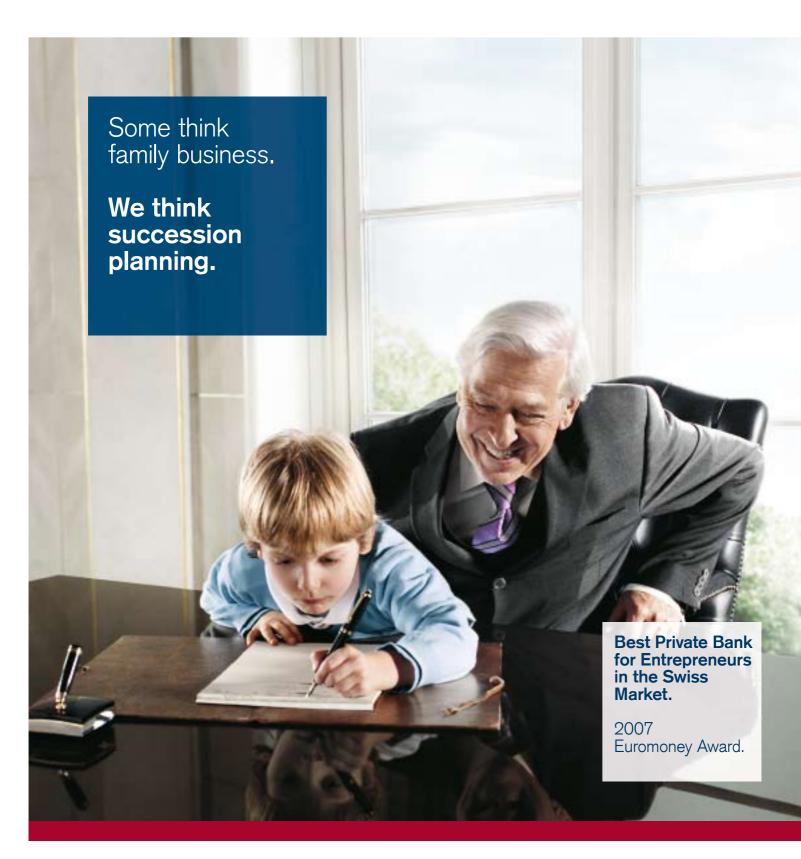
MBO is the abbreviation for management buyout. In an MBO, the company is taken over by its own management. A gradual handover of the company to its management takes into consideration what has been developed and achieved in the company up to the present, such as processes or important client relationships.

MBI is the abbreviation for management buy-in. In an MBI, a manager from outside the company or an external management team takes over the company in order to function as directors or company owners themselves.

Mezzanine The original meaning of mezzanine (from the Italian "mezzanino") is a floor between two main floors of a building. In the world of corporate financing, it has been adopted as a collective term for hybrid forms of financing that combine the characteristics of both equity and debt.

Private Equity Private equity is the umbrella term that covers the entire market for private investment capital. The capital originates from institutional investors, such as pension funds, banks, insurance companies and private individuals. They participate either directly in companies or make their capital available via funds, which then invest it in company shares.

Recapitalization The equity capital in a company is replaced by loan-financed debt capital. The interest and redemption payments on the loans are debited to, and must be earned by, the company.



You want to make sure your life's work is in responsible hands. Credit Suisse is here to support you before, during and after you hand over the reins to the next generation — with comprehensive advice on all aspects of succession planning to ensure the long-term survival of your corporate and family values.

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