

# Instituto de la Empresa Familiar

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**Aleix Pons**, Studies Director

**Fernando Cortés**, Communications Director

**Juan F. Corona**, Academic Director

**Jesús Casado Navarro-Rubio**, International Relations Director

**Marcelino Alonso**, Administration

**Olga de Simón**, Public Relations

# *The Family Business*

A firm, of any size, is a family enterprise, if:

- I The majority of votes is in possession of the natural person(s) who established the firm, or in possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.
- II The majority of votes may be indirect or direct.
- III At least one representative of the family or kin is involved in the management or administration of the firm.
- IV Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the right to vote mandated by their share capital. \*

\* Explanatory note:

A typical characteristic of listed companies is the fragmentation of ownership. The largest shareholder (or block of shareholders) often holds less than 50% of the votes. In such companies a shareholder (or block of shareholders) can exert conclusive influence over key aspects of corporate governance without holding the majority of all votes of the company. Point four in the definition refers to companies where a family does not hold the voting majority but through its ownership can exert conclusive influence.

## Conditions necessary to preserve the family characteristics of these businesses

### Plan

succession

### Overcome

the resistance of senior members to vacate their positions when they should

### Guarantee

the successor's competence

### Capacity

to attract and retain senior directors who are not family members

### Solve

financial problems derived from the generational hand-over

## The Family Business in Spain

### Number of family businesses

**2.9** million companies

### Number of employees

**13.9** million

### Importance in relation to the business fabric

**85%** of the total number of companies

**70%** of the GDP

**70%** of employment in the private sector

### Generational cycle

**65%** first generation

**25%** second generation

**9%** third generation

**1%** fourth generation or beyond

## The Family Business World-Wide

### European Union

#### Number of family businesses

**17** million

#### Number of employees

**100** million

### Importance in relation to the business fabric

**60%** of the total number of companies

**25%** of the top hundred companies

### United States

#### Importance in relation to the business fabric

**80%** of the total number of companies

**50%** of total employment



## Success factors of the Family Business

Tradition and continuity

Quality of its products and services

Flexibility

Long-term planning

Good understanding within the family

Being innovative and enterprising

Social responsibility

## Strategic Challenges for the Family Business

I

Professionalization

II

Internationalization

III

Innovation

IV

Size

# *Instituto de la Empresa Familiar*

## Instituto de la Empresa Familiar (IEF) is a nationwide non-profit organization.

IEF groups together a hundred leading companies, each having an average turnover of 1,000 million euros. This represents the equivalent of 16% of Spain's GDP, and up to 26% if the Family Business Regional Associations linked to this institution (which comprise 1,100 companies) are taken into consideration.

All its members are Chairmen, CEO's or Members of the Board of Directors of the companies they own.

Since its foundation in 1992, IEF has established itself as a key intermediary between the family business and government departments, institutions, the media, and society in general. Through its activities, IEF emphasises the importance of family-run businesses as wealth and employment generators, something proved by the fact that, between them, the associate companies employ approximately 825,000 people, with 21% of them having a presence on five continents.

### Objectives

#### Help

family businessmen respond to the challenges, both internal and external, that arise in management

#### Contribute

to the improvement of the legal and taxation framework for family businesses

#### Transmit

the economic and social importance of family businesses to public opinion

#### Promote

knowledge of the family business in the university sphere, and sponsor study programmes

#### Stimulate

and maintain the entrepreneurial spirit of new generations

#### Lobby for

the interests of the family business in a transparent manner

## IEF in figures

### 96 affiliated companies

#### Business activity data

**169,000** million euros of aggregated turnover

**16%** of Spain's GDP (26% with regional associations)\*

**825,000** employees

**63%** of companies have more than 1,000 employees

**18%** are listed companies

**21%** operate in five continents

**80%** have international presence

#### Distribution according to activity

**18%** food & farming

**16%** construction

**8%** other industries

**6%** other services

**11%** beverages

**5%** textile

**6%** media & communications

**10%** tourism & services

**4%** pharmaceutical

**5%** chemical

**6%** banking & insurance

**5%** logistics & transport

\* equivalent

## Internal activities

### Organization

of national and international seminars and conferences

### Forum

for the exchange of experiences among entrepreneurs

### Family Forum

for the development of educational activities for members of the next generation

### Reports

on economy and family business

## Data

### 22 companies are over 100 years old

#### Generational cycle

- 11%** first generation
- 36%** second generation
- 25%** third generation
- 21%** fourth generation
- 4%** fifth generation
- 2%** sixth generation
- 1%** seventh generation

#### Family members in the company

- 94%** of the share capital of the companies is owned by the founding families
- 25%** of the companies have more than 10 shareholders within the family
- 100%** of the companies have family members on the board of directors
- 58%** of the companies have external independent board members
- 95%** of the companies have family members in executive positions
- 2.7** family members (on average) in each company

#### Family Protocol

- 45%** of the companies have Family Protocols

#### CSR Activities

- 40%** carry out Corporate Social Responsibility activities

#### Family Office

- 30%** have a Family Office

## External activities

### Acts

as qualified intermediary with Government departments in relation to economic policies

### Proposes

legislative and tax reforms to improve the framework for family businesses

### Spreads

knowledge and information concerning family businesses

### Promotes

a greater awareness of family businesses in universities



The Family Forum is a space created for the younger members of family businesses who represent the continuity of future generations in the company.

The main objective of the Family Forum, composed of more than 300 members, is to raise awareness among the younger generations of their role in the parent-to-child transition of the company. It also encourages them to participate in the events organized by IEF, and to undertake special training activities.

The Forum organizes an annual meeting of all its members which, in addition to the academic activities, encourages them to get to know each other and share their experiences. There are also events attended by distinguished business people, professionals, academics and politicians.

IEF2 is a group formed by leading executives from the family businesses affiliated to IEF.

This group, composed of 50 members whose posts correspond to that of CEO, Executive Vice-Chairman and General Manager, shares information with the associate of the IEF within the company, taking part in the activities organized by the Institute.

The activities for IEF2 are specially focused on the progressive integration of its members in Instituto de la Empresa Familiar.

IEF2

# *Family Business Chairs*





## Training is one of the main issues of Instituto de la Empresa Familiar.

IEF carries out an important task in the training field through the organization of conferences and courses in which representatives from the political and business sector, as well as academics, take part.

This institution boasts an important network of Family Business Chairs. This network, the widest in the world in this specialized area, is composed of 36 chairs, in which 200 professors train an average of 1,800 students a year throughout Spain. The chairs in Family Business aim at analysing, investigating and teaching the realities of these companies, which constitute the base of wealth creation in Spain (70% of the GDP and 70% of private employment). IEF, through its academic department, supervises and coordinates its activities with the objective of guaranteeing homogeneity of contents and improvement in quality.

The inclusion of the subject of Family Business in university curricula constitutes a major advance in bringing Spanish universities closer to the realities of business life in this country.

## Meetings of the Network of Family Business Chairs

With the main objective of encouraging the sharing of experience among the chairs in Family Business, as well as enhancing communication between them, two meetings with the Network take place every year.

These events are dedicated to the consideration, deliberation and training of specific subjects regarding the family business and the teaching of it. The Network members share ideas on aspects related to their teaching and research activities.

## Research Projects

Instituto de la Empresa Familiar promotes cooperation agreements aimed at improving applied research in Family Business, and the holding of conferences and special seminars.

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### Types of agreements with universities

- Involvement with the university may be established through the signing of an agreement for the creation of a Chair in Family Business Studies with the university concerned, the sponsor or sponsors, the Regional Association, and Instituto de la Empresa Familiar.
- A university may create a Chair in Family Business Studies on its own initiative, and on applying the criteria set by the Institute, be integrated into the Network through an agreement.

## Target groups for these programmes

- I Undergraduate students, especially those in Business Administration, Economics or Law
  - II Postgraduate students
  - III Family members who are or are not involved in the family business
  - IV Executives or professionals who are interested in working in Family Businesses
  - VI Family Business consultants or advisors
- 

## Universities which have Family Business Chairs

- University of A Coruña •
- Abat Oliba CEU University •
- University of Alicante •
- University of Almería •
- Antonio de Nebrija University, Madrid •
- University of Barcelona •
- University of Burgos •
- University of Cádiz •
- University of Cantabria •
- Carlos III University, Madrid •
- University of Castilla-La Mancha •
- Complutense University, Madrid •
- University of Córdoba •
- Miguel de Cervantes European University •
- University of Extremadura •
- University of Girona •
- University of Granada •
- University of Huelva •
- University of Jaén •
- University of La Rioja •
- University of Islas Baleares •
- University of Las Palmas de Gran Canaria •
- University of León •
- University of Málaga •
- Miguel Hernández University, Elche •
- University of Murcia •
- University of Oviedo •
- University of País Vasco •
- Polytechnical University, Cartagena •
- University of Salamanca •
- University of Santiago de Compostela •
- University of Sevilla •
- University of Valencia •
- University of Valladolid •
- University of Vigo •
- University of Zaragoza •

# *Regional Associations*

The Family Business Regional Associations are formed from leading family businesses in the various sectors of activity of their respective regions.

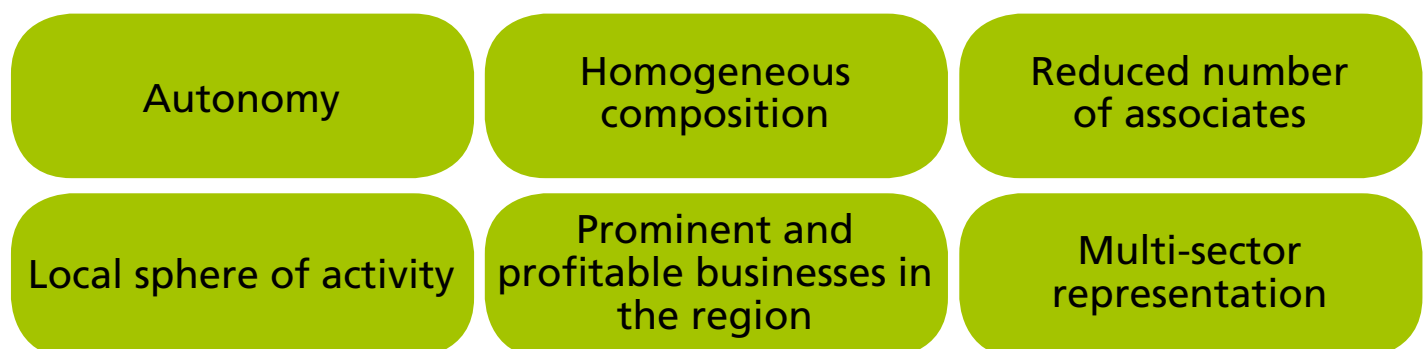
The existence of these Associations demonstrates the desire of Instituto de la Empresa Familiar to extend itself regionally, to understand the concerns of these companies in their respective areas of influence, and to inform them of the relevant issues which are being taken up at a national and European level.

The formal connection between IEF and the Regional Associations is established through an agreement which includes the public identification of the Regional Association as an "Association linked to Instituto de la Empresa Familiar". The presence of IEF associates on the boards of directors further strengthens the link.

## Services offered by Instituto de la Empresa Familiar to the Regional Associations

- Provision of relevant information for the development of their activities.
- Support in the improvement of the legal situation of the family business at a local level.
- Encouragement of their development and growth.
- Coordination of the different Regional Associations with the objective of unifying objectives.
- Support in the organization of their activities.

## Characteristics of the Family Business Regional Associations



The mission of every Regional Association is to become a reference in its local political, social, economic and academical fields.

## Objectives

Regional Associations have four main objectives:

To be a meeting point for business people

To increase awareness of family businesses among the public

To carry out training activities

To improve the legal framework of family businesses

## Family Business Regional Associations linked to IEF

- Family Business Association of Alicante
- Family Business Association of Andalucía
- Family Business Association of Aragón
- Family Business Association of Asturias
- Family Business Association of Baleares
- Family Business Association of Canarias
- Family Business Association of Cantabria
- Family Business Association of Castilla-La Mancha
- Family Business Association of Castilla y León
- Family Business Association of Cataluña
- Family Business Association of Extremadura
- Family Business Association of Galicia
- Family Business Association of Madrid
- Family Business Association of Murcia
- Family Business Association of Navarra
- Family Business Association of País Vasco
- Family Business Association of La Rioja
- Family Business Association of Valencia

# The Regional Associations in figures

## 1.100 companies

### Data relating to business activity

**100,000** million euros of aggregated turnover

**11%** of the national GDP\*

**300,000** employees

### Distribution according to activity

**32%** industry

**28%** services

**18%** construction

**16%** foodstuffs

**6%** hotels and tourism

### Data relating to family characteristics

#### Generational cycle

**23%** first generation

**54%** second generation

**18%** third generation

**4%** fourth generation

**1%** fifth generation

#### Family protocol

**25%** have a family protocol

\* equivalent



The European Group of Owner Managed and Family Enterprises (GEEF) is the European Federation of Family Business Associations, representing all sizes of companies.

GEEF was created in 1997, and operates in Brussels. Its mission is to promote a better knowledge and understanding of the fundamental role that family businesses play in Europe, favouring measures – both within each member country and throughout Europe – which support its long-term stability and secure the recognition of its contribution to entrepreneurial culture and social stability.

In addition, it promotes the public image of family business as a major driver for economic development, wealth, and job creation. In so doing, it aims to achieve greater political and social recognition from European governments and society.

GEEF works to raise European awareness in favour of family businesses as the main guarantee of the business spirit, so necessary in Europe, as family businesses are the means to pass on these values from generation to generation.

### **Members of GEEF represent:**

- More than 9,300 companies
- 1 trillion euros of aggregated turnover
- 9% of the European Union's GDP
- Over 5 million jobs
- Members average weighting in their respective GDP is 10%

### **Countries which constitute the GEEF**

Belgium | Bulgaria | Finland | France | Germany | Italy  
Norway | Portugal | Spain | Sweden | The Netherlands  
The United Kingdom |





FBN (Family Business Network) was created in 1990 and is the most important world-wide network of family businesses.

The FBN is a Federation of Family Business Associations from different countries, gathering more than 1,300 families with similar characteristics.

The FBN's function is developed through three main channels:

**Education.** As a result of the close relationship with world experts on the subject, best practices training in family business are shared through numerous national and international programmes.

**Research.** FBN coordinates several groups of experts to generate information on the latest developments related to family businesses.

**Public awareness.** FBN promotes the positive role played by family businesses in the development and competitiveness of the economy, rising awareness among decision makers and public opinion.

### Countries with Associations in the FBN

Asia Pacific | Australia | Austria | Belgium | Brazil | Bulgaria | Chile  
Colombia | Denmark | Finland | France | Germany | India | Ireland | Italy  
Japan | Spain | Sweden | Switzerland | The Netherlands  
United Arab Emirates | United Kingdom | USA

# *National Conference*

The National Conference is the most important event of the year celebrated by Spanish family businesses.

It has become an essential venue in the national political and economic calendar, attracting considerable Media attention.

**Its main objectives are:**

- To act as the main forum for the most influential entrepreneurs in Spain.
- To raise public awareness of the needs and interests of family businesses.
- To serve as a meeting point for national business and politics.
- To promote best practices in corporate strategy, business and family management using world-renowned experts.

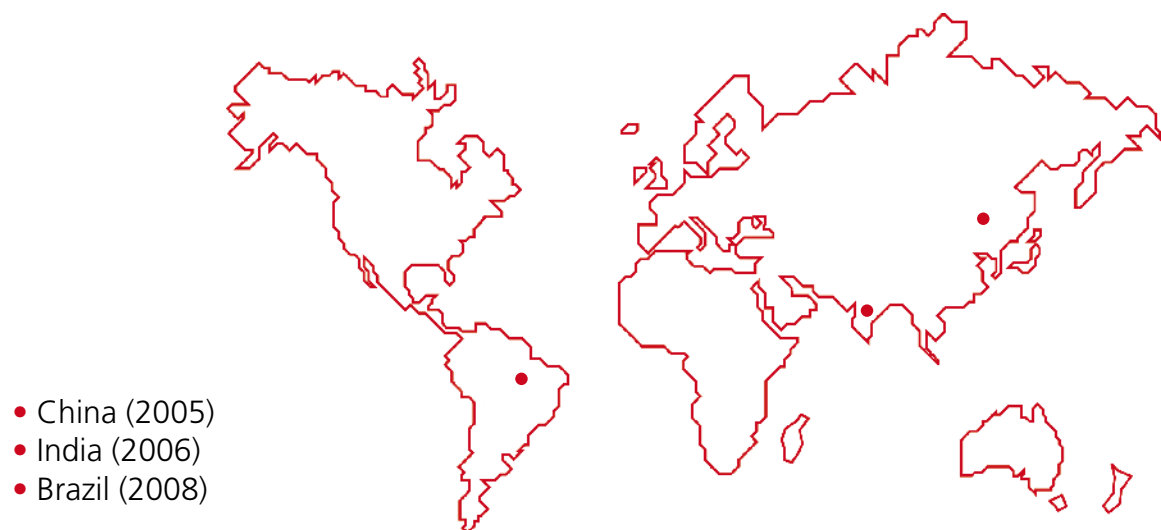
World leaders and internationally renowned business people have taken part in the Conference. Recent participants include the Spanish Prime Minister, José Luis Rodríguez Zapatero (2007), the President of Partido Popular, Mariano Rajoy (2006, 2007, 2008), ex-Deputy Prime Minister Pedro Solbes (2006 and 2008) and ex-Prime Minister Felipe González (2006). Leading lecturers and experts such as ex-Vicepresident of the United States Al Gore (2007) have also participated in this national event.



# *Promotional Visits Abroad*

## Internationalization continues to be a challenge for Spanish industry, and, therefore, for the Family Business.

Spain must adapt the international profile of its companies to its position as one of the ten leading economies of the world. Although more than 20% of the companies that belong to IEF have presence on five continents, this institution is aware that, for the future of the economy, a greater internationalization of all sectors is required. Accordingly, IEF periodically organizes visits of family business delegations to areas with a high growth potential. Under this initiative, it has already visited:



Working meetings with entrepreneurs, institutions and experts from these countries take place during these trips. Participants obtain a detailed view of the situation in the host country, and frequently strengthen their trade relations. At the same time, foreign businessmen have the opportunity to get to know some of Spain's most competitive businesses. This contributes to enhancing the image of Spain abroad while also arousing the interest of potential new investors.







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