Polaris – Redefining Success Across Generations
Volume 5 – Shaping the Future of Business

October 2019
A Sustainable Future

Without a sustainable approach our future is at risk. Not just the future of our businesses but, we also risk the lives and livelihoods of generations yet to come. This is why we, The International Board of the Family Business Network, are reaffirming our promise to promote a business model that will sustain not only our own generation, but all those that follow us.

The benefits of a sustainable approach are apparent to us all: the responsible use of capital is a powerful force for good and with corporate stewardship comes corporate advantage. Businesses that achieve great things deliver greater financial results, but these issues we face are more pressing than immediate financial return.

To provide future generations with more than we have received ourselves is a deep-seated human ambition. It is found in all walks of life, but it is in family owned businesses that inter-generational thinking is intrinsic. We believe that our inherent understanding and appreciation of legacy brings an obligation to support and promote a sustainable future in all that we do. As custodians of tomorrow, we believe that it is our duty to act now by making these pledges:

For our People:
We pledge to do all that we can to create and nurture workplaces and working cultures where our people flourish.

For our Communities:
We pledge to be responsible global citizens making positive contributions to the communities that we work and live in.

For the Environment:
We pledge to search for ways to have a positive ecological impact and contribute to a flourishing environment.

For Future Generations:
We pledge to share our values and long-term aspirations with future generations.

We know that these are bold promises and we do not make them lightly. But in order to protect all that we have done and create a sustainable future, where our work lives on, they are vital. We call on all family owned businesses, worldwide, to take responsibility for the future of our children and our children’s children.

Please join us in our pledge.

Farhad Forbes  Fred R. Sasser  Elena Zambon  Priscilla de Moustier  Joachim Ueckel  Serife Inci Eren  Sajen Aswani

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Prelude

“Business families understand that business is a marathon, not a sprint. By marrying the expertise of an enterprise with the soul of a family, we build values-based businesses that strive to deliver inclusive growth, better manage risk and foster resilience. Through the positive impacts we create, family businesses redefine success across generations.”

2019 is a landmark year for FBN as we commemorate our 30th anniversary. We also celebrate the 5th year of Polaris – a global movement of business families focused on maximising economic and social impact, while safeguarding the environment we all share.

With the engagement of enterprising chapters and entrepreneurial members, particularly Next-Gen, Polaris activities are increasingly being integrated and brought into the core of FBN. Across the globe, FBN business families recognise that sustainability is an imperative, a competitive advantage and the *modus operandi* to align purpose with profit. This is also reflected by the 480 members who have taken the Polaris Impact Assessment to measure, manage and improve their impacts.

In May, the larger Polaris Committee was hosted in Barcelona by Alfonso Libano (FBN Spain). We took stock of learnings and envisioned ‘What Success Looks Like’ for our key stakeholders – Chapters and Members. One outcome is a clearer narrative for Polaris that speaks to the unique qualities of business families, and the need for more concrete tools to facilitate greater learning and engagement. We have sharpened the Polaris Infographic, refined the Polaris Impact Assessment and developed case studies that outline not only the *Why and How-to’s* but also the societal impact and business benefits.

This year’s Polaris publication re-examines the purpose of capitalism and the need to redefine success in business. On 19th August, the Business Roundtable (BRT), a group of influential CEOs, decried the ‘single-bottom-line’ model of business and committed to be a positive force for customers, workers, suppliers and the communities in which they operate. Bart Houlahan, co-founder of B Lab and the B Corp Movement, suggests that FBN’s *Pledge for a Sustainable Future* laid the foundation for the BRT’s statement of purpose, and this broader cultural shift.

This acknowledgement of the potential of business families was also highlighted at last October’s World Investment Forum at the Palais des Nations, Geneva. The Polaris narrative, brought to life with six FBN members, resonated with the global multi-stakeholder audience. James Zhan, Director UNCTAD commented,

> “FBN has provided visionary leadership. To maximize the potential of family firms, they need to be empowered to seize the untapped opportunities associated with embracing the sustainability agenda. We are pleased to share best practice derived from our global network of investment development stakeholders and offer the family business community an international platform to discuss and showcase their contribution to sustainable development.”

This recognition and calling on business owners to more visibly lead a more inclusive and responsible capitalism is a conversation we want to have with everyone in FBN. We welcome any insights you have on being a *Voice for Family Businesses* as we work to build cohesion, deepen the sense of purpose within our community, and redefine success across generations.

Andrew Wates
Chair, Polaris Committee
Contents

5  Polaris – Our Raison d’Être
6  Redefining Success Across Generations
10 What’s in a Name – An Open Letter to Family Businesses
12 Make Your Voice Heard for Family Business
17 The North Star Journey for Family Businesses in Turkey
21 Polaris Cycling Team Le Loop Expedition
22 Thought Leadership
24 The Polaris Roadmap

Impact in Action:

26 National Food Products Company & Industrium Group
  Plastic has Nine Lives
30 Commercial Insurance
  Giving your Country a Chance to Live Boldly
34 Epta
  Creating a Cool Business Climate
38 Great Giant Pineapple
  Community Partnership for Sustainable Growth
42 Jaipur Rugs
  Weaving a Tapestry of Empowerment across Rural India
46 Møller Family
  Integrating Social Inclusion into their Core Business

50 The UN Sustainable Development Goals
51 Innovations that Shape the Future with Purpose
54 Our Global Movement
55 Acknowledgements
Redefining Success Across Generations

Business families understand that business is a marathon, not a sprint. By marrying the expertise of an enterprise with the soul of a family, we build values-based businesses that strive to deliver inclusive growth, better manage risk and foster resilience. Through the positive impacts we create, family businesses are redefining success across generations.

Why Should I Get Involved?

Family businesses are uniquely positioned to lead change

Represent

Employ

Contribute over

2/3

60%

70%

of all companies

of global workforce

of global GDP

Purpose-driven companies deliver positive performance

Increase revenue by up to 20%

Reduce cost of debt by at least 40%

Increase company valuation by 40% - 80%

Decrease staff turnover by up to 50%

$12 trillion in new business opportunities

Food & agriculture

Cities & urban mobility

Energy & materials

Health & well-being

$2.3 trillion

$3.7 trillion

$4.3 trillion

$1.8 trillion

Delivering market solutions that benefit society in key economic sectors

How Do I Start?

Take the Polaris Impact Assessment

Get a Baseline:
Assess your impact in governance, employees, community & the environment.

Compare your Impact:
See how you stack up against thousands of other businesses.

Improve your Performance:
Create a plan to enhance your family business’ practices.

Polaris is a global movement of business families focused on maximising economic and social impact, while safeguarding the environment we all share. We enable learning, innovation and co-creation to redefine success across generations. www.fbn-i.org
The future of ‘single-bottom line’ companies is increasingly tenuous. In an age of heightened transparency and distributed power, mainstream companies are facing tectonic shifts in social expectations. The public in general, and customers in particular, are putting pressure on businesses to shoulder their share of responsibility – demanding action on climate change, corporate excess and income inequality.

Yet for decades, the Milton Friedman theory of business held sway. “There is one and only one social responsibility of business,” the Nobel economist wrote in 1970, “to engage in activities designed to increase its profits.”

The merits of Friedman’s premise have been dissected, debated and in turn dismissed by many thought and practice leaders. The latest bastion to fall is the Business Roundtable (BRT) – a group of influential CEOs representing America’s largest corporations. In a world of rising temperatures and deepening distrust of business, the BRT abandoned its shareholder-first mantra and committed to be the vanguard for communities and the environment.

For over two decades, the BRT had asserted that the “The paramount duty of management and of boards of directors is to the corporation’s stockholders”. Indeed, as economist Jeffrey Sachs posits, many of America’s top CEOs have pushed for “unaffordable tax cuts, a rollback of environmental protections, sky-high salaries for themselves and stagnant wages for their workers” – measures that have exacerbated wealth inequality, accelerated environmental degradation, and triggered unsustainable levels of debt.1

The BRT’s new purpose for the corporation, announced on 19th August 2019, is 300 words long and embraces practices such as “investing in employees,” fostering “diversity and inclusion,” and “dealing fairly and ethically with suppliers”. In fact, word 250 is the first mention of shareholders. Yes, in a welcome about-turn, the BRT pledged that above all else, corporations must have a commitment to all their stakeholders, including customers, workers, suppliers and the communities where they operate.

While the BRT’s new mandate strongly resonates with values-driven family businesses, the group faced scepticism and scrutiny from a narrow cross-section of business and media pundits – questioning in turn the legitimacy, authenticity and practicality of the new mantra. The non-profit Council of Institutional Investors swiftly denounced it; some railed against it as pandering to left-wing politicians, still others decried it as a step towards the death of capitalism. Yet these naysayers are a shrinking minority as the tide is turning from the ‘greed is good’ mantra.

From the world’s biggest asset managers such as Blackrock to bright young millennials who want to work in companies whose values resonate with their own, business is being challenged to pursue a purpose beyond simple profits.

Purpose of Business

One challenge to this more informed purpose is that, aside from B Corporations,2 the formal construct of business only acknowledges financial value. Businesses are traditionally regarded by governments as an engine of economic growth. But while private enterprise excels in this role, there are issues. Much of that economic activity produces costs that are not absorbed – let alone understood – by business, but which are nonetheless very real and borne by society. These costs or externalities can be seen all over the world: smog in cities, desertification of land, eutrophication of rivers, people marginalised – or even radicalised – through inequality.

To align on actions to address these, one first needs a shared understanding of what economic activity is designed to achieve. From a macro-economic perspective, it is facilitating the betterment of people’s lives within a healthy, regenerative environment. One way to more comprehensively define this can be found in the United Nations Sustainable Development Goals (SDGs). Ratified by 193 countries in 2015, the SDGs were developed with the business community
and encompass economic, infrastructural, social and environmental dimensions. The goals are expansive and aspirational. From a social perspective these aims include ‘End poverty in all its forms everywhere’ (Goal 1) and ‘Achieve gender equality’ (Goal 5). Environmental ambitions span ‘Ensure sustainable consumption and production patterns’ (Goal 12) to ‘Take urgent action to combat climate change’ (Goal 13).

To aid business in this shared purpose, Jake Reynolds at the Cambridge Institute of Sustainability Leadership (CISL) led efforts to distil the SDGs into six broad areas; three focusing on social impact – basic needs, well-being, decent work – and three addressing environmental impact – climate stability, resource security and healthy ecosystems. The SDGs are mapped into the relevant impact area making it easier for practitioners to visualise the connections between them.

Source: CISL 2017
Over the last few years, FBN Polaris case studies have highlighted business families that are transforming their enterprises, leveraging their operational know-how and aligning their value chains to deliver on these broad areas of impact (See Table 1). These family businesses are aligning the SDGs to genuine business opportunities. Some enterprises execute across a broad number of SDGs. Others focus in depth on specific SDGs tied to their core business. Along this journey they adopt meaningful near-term targets that include both the societal progress they intend to achieve and the positive impact to the business. In addition, business owners collaborate with policy makers, industry and community leaders as they understand that to more effectively deliver on the SDGs, it is imperative that multi-stakeholder groups work together on a common, jointly-beneficial agenda.

Redefining the role of business to embrace all stakeholders requires a shared universal vision. While the SDGs are not perfect, no other framework or approach defines the world’s chosen destination in 2030 so comprehensively or with so much public ownership. Assuredly, delivering on the SDGs – ending poverty, enabling a shared prosperity, responsible ownership and long-lived success – is a bold and aspirational purpose for values-driven businesses.

### The Role for Family Businesses

While the role of corporations is being redefined, business families with our inherent focus on long-term success and responsible ownership have long been natural advocates for a more conscious and responsible capitalism. Worldwide, family businesses account for two-thirds of enterprises, employ 60% of the workforce and contribute over 70% of global GDP. Given this predominance, business families have the potential to lead this more purpose-driven model of business by educating employees, encouraging responsible consumerism and engaging suppliers in ethical practices.

Professor Colin Mayer, a fierce critic of the Friedman doctrine, posits that family businesses are ‘exceptionally well-placed to be a global force for good’. In his book *Prosperity*, he laments the current state of the corporation and the erosion of trust in business. According to Mayer, the idea that businesses pursue profits and only profits will only produce bad businesses and dire outcomes.

Tracing the history of the corporation, Mayer states that in the 1990s and 2000s, business models including employee ownership and family companies were overshadowed by an increasing self-interested listed company model. He draws a contrast between profitable and long-lived Mars, still wholly owned by the family, with companies such as Cadburys. He surmises that the latter like Rowntree, having given up family control to fund their expansion, are shadows of their former selves.

Yet Mayer is a staunch advocate of capitalism and urges family businesses to regard its purpose as being able to produce profitable solutions to the problems of people and planet. This is a ‘source of enhanced performance’ and also a ‘source of resilience to the pressures and threats that family businesses face’. With a clear sense of purpose to contribute to solving societal problems, business is seen as performing a central role that also protects it from the political, regulatory and social pressures to which it otherwise risks being subject.

The Economist argues that to make capitalism work better for society as a whole, the purpose of companies should be set by their owners. While some ‘badly-run’ ones may obsess about short-term targets and quarterly results, most owners will opt to maximise long-term value as that is good for business.

Commercial opportunities for business solutions that contribute to social and environmental impact are real and extensive. A commission chaired by former Unilever CEO Paul Polman reports that delivering on the SDGs will open up an economic prize of at least US$13 trillion with the potential to create 380 million new jobs by 2030. Far-sighted business owners are developing and delivering solutions in mobility systems, circular manufacturing, healthcare, clean energy, and food waste – finding success in market opportunities aligned with the SDGs.

An INSEAD working paper on *Sustainability in Asia* affirms the role of family businesses to be change agents. The enduring mission and intergenerational thinking of business owners are inherent ‘sources of sustainable innovation’. Concurrently, the focus on the ‘double bottom line’, ‘investment in people and communities’ and ‘third party certifications’ are winning sustainability strategies for family businesses. The authors advance that organisations and ‘certifications such as B Corp, the underlying rationale for the Polaris Impact Assessment’ provide opportunities for invaluable ‘peer discussions and dissemination of best practice’.

This willingness of business families to report on practices, improvements and impacts is a significant development.

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### Table 1 – Cross-section of FBN Business Families focused on Social and Environmental Impact

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<thead>
<tr>
<th>Social</th>
<th>Environmental</th>
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<tbody>
<tr>
<td>Basic Needs</td>
<td>Resource Security</td>
</tr>
<tr>
<td>Well-being</td>
<td>Biofilter (Hungary)</td>
</tr>
<tr>
<td>Decent Work</td>
<td>Royal Van Wijhe Verf (The Netherlands)</td>
</tr>
<tr>
<td>Bel Group (France)</td>
<td>Acciona (Spain)</td>
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<tr>
<td>Algar (Brazil)</td>
<td>Grupo Contempo (Colombia)</td>
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<tr>
<td>Waters (U.K.)</td>
<td>Unithai (Thailand)</td>
</tr>
<tr>
<td>Pacari (Ecuador)</td>
<td>Singbee Group (China)</td>
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It addresses concerns of non-transparency and deepens trust – an increasingly valuable attribute for companies. The BRT has recognised this trajectory, made a U-turn and is now publicly countering the Friedman narrative – entering the domain of values-based family enterprises who think in generations, not quarters and who understand innately that business is a marathon not a sprint.

Redefining Success

Redefining success in business necessitates aligning purpose with profits and a shift from shareholder primacy to stakeholder capitalism. It demands that leaders and owners consider the impacts of companies on the wider society as the externalities that businesses impose are considerable and near impossible to mitigate as individuals. This is particularly significant in regions where political leaders are in denial of climate impacts and legal systems are a barrier to change.

Accordingly, business leaders and owners must not only act but also use their influence to advocate – speaking out in favour of policies that promote responsible capitalism and champion a just and sustainable world, particularly during these volatile times of political uncertainty, economic nationalism, and rising protectionism.

Businesses thrive when societies flourish. This means communities where rule of law, transparent financial systems and the equitable and sustainable use of resources prevail. With their inherent long-term orientation and focus on values, business families can play a key role in strengthening these vital frameworks and reinforcing platforms for more effective partnerships – redefining success in business, for society and across generations.

Achieving the SDGs could unlock:

- **$12 trillion a year in business value across four economic systems** alone by 2030
  - Food and agriculture: US$2.3 trillion
  - Cities and urban mobility: US$3.7 trillion
  - Energy and materials: US$4.3 trillion
  - Health and well-being: US$1.8 trillion

Creating more than 380 million jobs

As a community of purpose-driven business families, FBN is well-positioned to take on the mantle of responsible capitalism, amplify the voice of family business, and increase visibility of inclusive practices. One recent platform was the 2018 World Investment Forum. At the invitation of the United Nations, six family businesses representing Asia, Europe and South America convened at the Palais des Nations, Geneva to address a global multi-stakeholder audience. At this ‘first-of-its-kind meeting’, the business owners shared how the tenets of long-termism and legacy enable family businesses in their journey to be agents of economic and social inclusion. The potential of business families to visibly and transparently lead and redefine success in business is taking root.

“**The powerful alignment of family business and the SDGs was revealed at a first-of-its-kind meeting at the United Nations during the World Investment Forum 2018. FBN has provided visionary leadership in this regard.**”

– James Zhan, PhD, Director, UNCTAD

Caroline Seow spearheads the Polaris initiative with a group of FBN members, all passionate change agents for Business as a Force for Good. Former Head of Marketing, Apple Asia-Pacific, she is a catalyst for non-profit and for-profit partnerships, an advocate of the B Corp Movement and Ambassador, Cambridge Institute of Sustainability Leadership, University of Cambridge.

1. Sachs, 2019. CEOs are finally admitting to short-changing society. CNN
2. Certified B Corps, 2019. bcorporation.net/about-b-corps
5. FFI, 2017. Global datapoints
6. C. Mayer, 2017 Shaping the Future with Purpose, Polaris Publication, FBN
7. C. Mayer, 2018 Prosperity – Better Business makes the Greater Good
8. Economist, 2019. What are companies for – August 24-30
Capitalism, the global economic system that has dominated the last century of human history, is facing an unprecedented crisis.

Wealth inequality continues to accelerate across the globe. Just 42 individuals now possess more wealth than half the global population. Almost two thirds of the world’s population (64%) hold less than 2% of the world’s assets. And though the number of people living in extreme poverty has been reduced in the last decade, the trend towards global wealth inequality continues to accelerate. In an increasingly interconnected world, this wealth disparity has fomented discontent and unrest. Simultaneously, our planet moves ever closer to an environmental catastrophe as the climate emergency worsens.

This global crisis is born from a broken economic system that no longer meets the needs of the planet or the vast majority of people. It’s time we pause and ask ourselves: What is the role of business in society? Whom does it serve? How should it behave? What is its core purpose?

More and more, leaders around the globe are beginning to ask those exact questions. In an announcement in late August, the Business Roundtable (BRT) added their voice to a growing chorus of business executives who are reevaluating the purpose of the private sector. The Business Roundtable is comprised of 181 CEOs, representing many of the world’s largest companies, with $7 trillion in annual revenues collectively. Their statement joins a steady drumbeat of important market signals advocating for a shift from the failed ideology of shareholder primacy toward a new culture of shared prosperity.

It’s a significant sign of our shifting culture that America’s largest corporations and the organisation representing their interests are revising their definition of the purpose of the corporation from profit maximization to leading their companies “for the benefit of all stakeholders—customers, employees, suppliers, communities and shareholders.”

The BRT joins you, the leaders of the Family Business Network, in recognising that the purpose of the corporation extends beyond the creation of private wealth. The credo of FBN, “We think in generations, not quarters,” embodies the spirit of stakeholder capitalism. Indeed, FBN’s Pledge for a Sustainable Future, “for our people...for our communities...for the environment...for future generations,” laid the foundation for the BRT’s statement of purpose and this broader cultural shift.

But ensuring that our capitalist system is designed to create a shared and durable prosperity requires more than announcements and pledges; it also requires corporations, and the investors and families who own them, to go beyond words and take action.

They can do this by making themselves legally accountable to create value for their workers, customers, suppliers, and communities—not just talk about it. As one of the co-founders of the B Corporation movement, this view of the role of business in society isn’t new. We created the B Corp certification 13 years ago to identify business leaders who demonstrate that their companies deliver value to all of their stakeholders, not just their shareholders—to maximize value, not just profits. Then we realized that we needed to go further to address the doctrine of shareholder primacy by passing benefit corporation legislation in 37 U.S. jurisdictions, including Delaware, that allows corporations to make themselves legally accountable to create value for their stakeholders. This legislation has also been adopted in three other countries and is currently being considered in more than a dozen other jurisdictions around the globe.

The B Corp movement is now comprised of over 10,000 Certified B Corps and benefit corporations across 150 industries and 60 countries, including hundreds of family-owned businesses, all of which represent the kind of action needed to put credible weight behind any public commitment.
to shift the cultural narrative of business in society. They have inspired a growing movement of over 80,000 companies that have taken steps to measure, manage and improve their social and environmental performance using the B Impact Assessment and the Polaris Impact Assessment.

Uniting these disparate businesses of all sizes, industries, and geographies is the common belief that business can be a force for good in the world. But stakeholder capitalism isn’t just the right thing to do, it’s also just good business. An increasing body of research has correlated long-term shareholder value creation with strong environmental, social, and governance practices. It turns out that an authentic commitment to purpose does not detract from shareholder returns, but is in fact necessary to ensure them; anyone planning to be competitive in the coming decade must authentically commit to purpose or risk being left behind.

At the core of this cultural trend towards purpose is a generational shift of people demanding action. People who want to buy from, work for, and invest in companies that serve a higher purpose than maximizing profit at any cost to people, communities, and the natural world on which all life depends. People who are demanding a new social contract between business and society in which business and the capital markets create long-term value for all stakeholders. The community of Family Businesses has a unique role to play at this historic moment in time, a moment of crisis for our global economic system. For generations, you have helped manifest the broader ideal of a community-based business – a business that proudly carries a family name.

You have modeled the concept of long-term decision making that is so lacking in the broader financialized economy. But now you have another opportunity to lead; to demonstrate that generational leadership requires that we act for future generations. That we invest in our people, that we rebuild our communities, that we respect and restore our planet, and that we are legally accountable for doing so. It is time for this community to lead yet again – the legacy of your family name is depending on it.

Bart Houlahan is co-founder of B Lab, a non-profit championing business as a force for good. Prior to B Lab, Bart was President of AND 1, a $250 MM basketball footwear and apparel company. Bart is a Henry Crown Fellow of the Aspen Institute and a recipient of both the 2014 Skoll Award for Social Entrepreneurship and the 2015 John P. McNulty Prize.

A Global Community of Leaders

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<th>3,023</th>
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<td>Certified B Corps</td>
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<td>Unifying Goal</td>
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In this age of rapidly decreasing trust in established institutions, business families have a unique opportunity to truly redefine what it means to be a successful business. In order to do so, they must make their voice heard by becoming more transparent and by clearly demonstrating their commitment to both the environment and their employees. This is the moment to move beyond the basic standards of Corporate Social Responsibility and create lasting impacts that will establish a family business legacy for generations to come. Doing so is critically important to the future of family business as a whole, as a real danger exists of being permanently eclipsed in these areas by other forms of business.

In fact, a recent study shows that family business is already perceived to be lagging behind when it comes to innovation, long-term thinking and financial success. At last year’s FBN summit in Venice, we learned that listed non-family firms are outperforming listed family businesses when it comes to creating social and environmental impact. These were the first set of results from a study examining the relationship between purposeful ownership, performance and positive impacts. The initial data indicates that family firms lack policies that promote environmental stewardship, provide fewer employee benefits, and are less transparent. While the listed family businesses referenced in this study represent only a small subset of the family business universe, FBN members in attendance were understandably taken aback by these results.

As a community, FBN members have a tradition of sharing cases and practices of the work they do that make a difference in their communities and beyond. Though there is an abundance of anecdotal evidence that demonstrates the commitment of business families to society, there is no existing data set to verify it. In response, FBN asked members to take the Polaris Impact Assessment (PIA) – a customised tool family business can use to measure, benchmark and improve their impacts – which also allows FBN to analyse how family businesses are performing in areas of governance, community, employees and the environment.

As chart 1 shows, the response to the call was very positive and 480 FBN members from a range of industries have now taken the PIA. While there is still more detailed analysis to be done on the data, the preliminary results are encouraging, and a more comprehensive story of family firms is taking shape.

Overview of FBN Impact Performance

One of the most inspiring results is that FBN members are outperforming a global benchmark of over 50,000 companies in a number of categories. When looking at overall performance, FBN members perform above average on 63.2% of the questions, average on 23.4% of them, and below average on only 13.4% of them. These results are especially significant as the benchmark represents a progressive group of businesses that have chosen to voluntarily report their sustainability performance. Chart 2 is a snapshot of how our community is performing in specific areas, showing that there is much good work to celebrate but also a number of areas where there is room for improvement.
Beyond the benchmark, FBN is also learning more about how its members perform in specific areas of the assessment. Combining this hard data with more than 40 Polaris case studies that have been written over the last 5 years is giving the FBN community a deeper understanding of the impacts it is creating on both the social and environmental front. Following are some of the insights gained to date across a number of impact areas.

Environment: Environmental Management Systems

As highlighted in chart 2, one area FBN members perform above the benchmark is in the adoption of environmental management systems. These systems allow organisations to achieve their environmental goals through consistent review, evaluation and improvement. One member from FBN Italy that has excelled in this area is Epta. Beyond managing its footprint, Epta is working to design products with positive environmental footprint. To learn more about Epta’s business and how their focus on the environment is giving them a competitive advantage, read the Epta case on page 34.

It is encouraging to see FBN members performing well in this area, as measurement is a critical first step in making the right kind of changes. As chart 3 shows, 51% of respondents have a policy statement documenting environmental commitment and 40% have stated targets for the environmental impact of operations. Unfortunately, 38% have no system in place at all, which needs to be rectified because ‘you can’t manage what you don’t measure.’

### Does your company have an environmental management system (EMS) covering waste generation, energy usage, water usage, and carbon emissions that includes any of the following?

Number of Respondents: 202

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<tr>
<td></td>
<td>38%</td>
<td>51%</td>
<td>103</td>
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- Policy statement documenting environmental commitment
- Stated objectives/targets for environmental impact of operations
- Periodic compliance / auditing to evaluate impact
- Assessment of business activities’ environmental impact
- Programming designed and resources allocated to target reductions
- Internal or external assessment of business activities’ environmental impact
- 3rd party auditing & EMS certification
- None

Chart 2: Question Level Benchmarking
Source: B Analytics platform Sept 2019

Chart 3: Environmental Management Systems
Source: B Analytics platform Sept 2019
Workers: Paying a Living Wage

A topic increasingly discussed in business communities these days is the concept of a “living wage.” A living wage is defined as the minimum income necessary for a worker to meet basic needs, which include food, housing, and other essential needs like clothing. While there is no universally accepted measure of a living wage, it is an issue in both developed and developing economies.

The topic of a living wage can often become very contentious in the context of developing economies, as there are many industries that rely on low wages in order to deliver inexpensive or labour-intensive products. One industry that is often targeted for these types of practices is rug-making, as handmade carpets are extremely labour-intensive. FBN member Jaipur Rugs has tackled this issue head on and, in doing so, become an important leader in their industry. Jaipur Rugs is not only focussed on paying a living wage – their entire business model is built around worker empowerment. By paying weavers on time (monthly), fairly (without deductions from middlemen) and close to twice what they were typically making, they have disrupted their industry and built a very successful business as a result. To learn more about Jaipur Rugs and their inspiring story, please read their case on page 42.

Not surprisingly, paying employees a living wage is becoming an important gauge in measuring a company’s commitment to their employees. It is promising to see on chart 4 that 55% of FBN respondents are paying a living wage to all of their employees and a vast majority of the rest are doing so with at least 75% of their employees. If these numbers hold steady or even improve over time, they will be a tangible proof point of the value that family business places on its people.

Describe your company’s approach to creating positive impact.

Number of Respondents: 330

| Number of Respondents: 86 |

What % of total full-time, part-time, and temporary workers (excluding interns) employed in company facilities are paid a living wage or above?

Governance: Level of Impact Focus

Governance, and all of its attributes, is always a topic of deep interest to FBN members. Many members have experienced the trials and tribulations caused by bad governance. This is why it is perhaps the most studied aspect of family business with significant data available. However, there is always more to learn, and through the PIA, new insights are being gained into some of the less researched areas of family business governance.

Through the PIA, we are deepening our understanding of family business’ approach to creating positive impact. On one hand, it is encouraging to see in chart 5 that 37% of respondents consistently incorporate social and environmental impact into decision-making because they consider it important to the success and profitability of their business. However, there is also much room for improvement, as just over half of the respondents consider it infrequently, do not see it as a priority or simply don’t focus on it at all.
Family Engagement: Community Leadership

Many of the members who first saw the data in Venice didn’t agree with the results as they felt strongly that they, and almost every business family they know, are making a difference in their community. While there have always been countless stories to back up this supposition, there is now some good data from the PIA. From 60% considering social impact in investments to 42% supporting family members in working directly for the community, chart 6 shows how business families are leading by example and delivering real impacts in their communities.

A tangible example of this commitment in action can be found in the work of Great Giant Pineapple (GGP), an FBN Asia member from Indonesia. GGP strives to embed social and environmental considerations in everything it does and holds sacred its relationship with the local community: Employees and their families enjoy quality housing, medical care and educational opportunities, while the larger community benefits from its efforts to upgrade road infrastructure and investment in schools. Turn to page 38 if you would like to find out more.

Creating a Legacy for Both our Families and Family Business

FBN members are proud of the legacy they have created through both their businesses and families. One example from our network is FBN Norway’s Moller Mobility Group. A long-time champion of philanthropy, the family is creating meaningful impact by embedding social responsibility into their core business. This led them to identify three key ambitions: To contribute to a greener society, to play a central role in mobility solutions and urbanization, and to be recognised as an innovative company that cares for its people. They are now pursuing an even bigger goal, which is to become Norway’s largest platform for social inclusion – cementing their role as a family business leading with purpose. To learn more, please refer to page 46.

The findings in chart 7 seem to indicate that this is not an isolated case. One finding of note is that an overwhelming 82% of respondents both value and support their employees in the long term.

Does the current family leadership actively pursue their role as stewards of the family’s legacy, through considering the long-term impact of its current activities and making active investments in the future?

Number of Respondents: 103

Chart 7: Investing in Family Legacy

Source: B Analytics platform Sept 2019
Make your Voice Heard

While the initial data has provided some encouraging insights, on its own, it is insufficient to fully counter the narrative that family firms lack comprehensive ESG policies. As a community, FBN members must step up their efforts and ensure everyone is aware of what makes family business special by taking these three steps:

1. Measure What Matters
Every member that has taken the PIA has gained powerful insights on where it is already creating impacts and where there is room for improvement. It forces them to look at their business in a new way and likely asks a few questions that they’ve never considered before. No matter where you are in your journey, measuring what matters is critical to setting the right goals and ensuring progress is being achieved.

2. Be More Transparent
Being quiet and humble may have been a good way to run a company even just a generation ago, but the public now assumes that a business is hiding something if it’s not willing to talk about its work. This is just one of many reasons why all FBN members need to share their story in a more comprehensive and transparent fashion. Chart 8 shows that 59% of members are still not publicly telling their story in a structured format like an annual report.

For those that are sharing, only 8% adhere to third-party verified standards like the B Impact Assessment or the Global Reporting Initiative (GRI), putting into question the reliability of their data. This is a missed opportunity for business families, as sharing lessons learned from both successes and failures will allow every business to benefit from the wealth of expertise and experience that exists in this unique community.

3. Lead by Example
Business families have long known success is measured by more than just the bottom line. It is defined by the work you do in your communities, the employees’ lives you positively impact and the future generations you nurture that will continue to build on your legacy. That is why family business is uniquely positioned to lead the way, and make its voice heard. In doing so, family business will also take a big step toward collectively redefining success across generations.

Andrew Bryson has been a member of FBN’s Polaris Committee since its inception in 2014, working to support family businesses in amplifying their economic, environmental and societal impacts. As a sustainability and social impact strategist, he has worked across the globe with clients ranging from social enterprises to the Fortune 100.

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3 The B Impact Assessment benchmark features the largest and most comprehensive data set of private company impact data, which can be used to track performance over time and track aggregate performance against KPIs.
According to the Istanbul Chamber of Commerce, 95% of companies in Turkey are family businesses, which decreases to 75% when excluding public companies. The average lifespan of a family business is 25 years and only 30% make it to the second generation, clearly demonstrating why associations such as FBN-Turkiye / TAIDER (Turkish Family Businesses Association) are so important.

TAIDER was founded in 2012 and has fully embraced the FBN Pledge for a Sustainable Future. With 195 family businesses and over 650 family members, it is the only association in Turkey with a pledge championing sustainable development. The FBN Pledge has raised awareness of the responsibilities towards future generations among TAIDER members and the crucial need for good corporate governance accompanied by responsible management of capital for the well-being of society.

This ties in with TAIDER’s vision: To provide benefit to Turkey’s social, cultural and economic development and to enrich the reputation of the country by supporting sustainable development and the establishment of correct corporate governance of family-owned companies.

In line with this vision, TAIDER was an early adopter of Polaris – FBN’s framework to deliver on the Pledge for a Sustainable Future. Polaris is a key topic in TAIDER’s annual Family Business summit and enthusiastic TAIDER members contribute wholeheartedly to FBN’s Polaris Committee work.

TAIDER was also the first member association to create a local translation of the Polaris Impact Assessment (PIA) – a customised tool to help family members measure, benchmark and improve sustainability. Members are strongly encouraged to sign up and, as a result, TAIDER currently has the highest number of registered PIA accounts amongst all FBN member associations. TAIDER members also outperform their Turkish peers in key sustainability areas, winning full marks and attaining high scores in categories such as Governing Body Responsibilities (Governance), Healthcare Coverage (Workers) and Advancing Social and Environmental Performance (Community).

### TAI DER members benchmarked against companies in Turkey

<table>
<thead>
<tr>
<th>Companies in Benchmark</th>
<th>Companies in Network</th>
<th>Governance</th>
<th>Workers</th>
<th>Community</th>
<th>Environment</th>
<th>Benchmark</th>
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<tr>
<td><strong>164</strong></td>
<td><strong>46</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<td>Board Review of Social or Environmental Performance</td>
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<td>Financial Reporting Standards</td>
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<tr>
<td>Governing Body Responsibilities</td>
<td>100%</td>
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<td>Health and Safety Program</td>
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<td>Employee Handbook Information</td>
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<td>Healthcare Coverage</td>
<td>100%</td>
<td>100%</td>
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<td>% of Suppliers with Programs to Improve Impact</td>
<td>100%</td>
<td>56%</td>
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<td>Advancing Social and Environmental Performance</td>
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<td>Civic Memberships and Partnerships</td>
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<td>Hazardous Materials On-Site</td>
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Source: B Analytics, September 2019
Inspired by Polaris, TAİDER initiated a nationwide corporate sustainability award ‘TAİDER North Star’ with the purpose of assisting companies in creating sustainable business models. Launched in 2016, North Star is designed to promote best corporate sustainability practices through reciprocity and shared learning.

The objectives of the competition are to help family businesses:

• learn how to incorporate sustainability practices into their operations
• develop a clear vision of corporate sustainability with priorities and actionable items
• create a win-win learning environment for both the evaluating teams and the companies
• evaluate current practices through comments provided by the independent reviewers – evaluating teams, professionals, the jury and sustainability partner ARGE Consulting
• identify and set measurable objectives that would lead to the preparation of a sustainability report and/or B Corp Certification

The whole structure and organisation of the award are handled by a subgroup of TAİDER members that has formed the sustainability and social responsibility committee (SSRC). This committee makes all the preparations for the competition and determines the strategic direction of the North Star project. Additionally, this committee also implements all the necessary actions needed to fulfil and support the sustainability vision of TAİDER.¹

The announcement of the North Star corporate sustainability award is made every year in May. It is important to note that non-TAİDER members are also invited to apply. The pre-requisites for participation are:

• having a production facility
• not being publicly listed
• the family controlling over 50% of the company’s shares

The participants are clustered in two categories; large corporations (staff of over 250 and turnover over 40 million Euros) and SMEs.

The main pillars of the North Star process are:

• training the members of the evaluation teams
• field visits made by the teams to participating family businesses
• discussions and feedback sessions provided to participants by the teams
• feedback provided by ARGE Consulting to the participants
• jury evaluations

Participating firms are evaluated on their approach and their performance in the aspects of Governance, Human Resources, Environment, Society and Next Generations. In 2019, Finance was added as an additional category.

The evaluation committee is made up of one leader and three to five members selected by the SSRC. The team members undergo technical training sessions conducted by TAİDER and ARGE Consulting. The leaders of the evaluation committees are family business owners or next-generation members, and who possess adequate experience on quality systems, human resources, total quality management and other process managements. The teams organise field visits to the companies gathering information about each aspect. As of 2019, all these aspects are linked to related UN SDGs. Some examples of questions that pertain to each aspect and the weightage between Approach and Performance Result can be seen in Table 1.

During the field visits, the evaluation team makes examinations comparable to a light audit and have in-depth discussions with the management of the participating companies. The questions addressed and the investigations conducted lead the companies’ management towards more efficient and measurable corporate sustainability practices.

Subsequently, all the gathered information is dispatched to ARGE Consulting and TAİDER for the preparation of comparable reports that will be shared with the jury. In accordance with TAİDER procedures, the jury must consist of a member of the SSRC of TAİDER, a representative of the board of TAİDER if not the president, one NGO leader, two representatives of companies (not obliged to be a TAİDER member), one representative from the media.
focusing on sustainability, one academic person and/or an artist working on sustainability related projects.

**Key Learnings and Benefits**

North Star has been a valuable source of shared learning for Taider.5

Elvan Ünlütürk from Sun Tekstil mentioned that, as a company, they could better see their strengths and weaknesses, giving them a clearer vision of how to manage threats and opportunities. After the competition they created a training module that outlined how to audit, report and manage corporate sustainability processes.

İhsan İpeker from İpeker Tekstil found that the North Star process allowed them to re-examine the current operations of the company and rejuvenate themselves. With a sustainability-focused approach, the concepts of family, company culture, harmony of the family with the employees, sensibility of the family towards sustainability and its effect on green-collared workers were all examined. They also discussed which qualifications future generations should have if they want to join the family business.

Filiz Morova Inceler from Inci Holding observed that three main aspects of sustainability need to be measured; society, environment and employees. Nevertheless, other “sine qua non” measurement factors for family businesses are corporate governance and future generations. Each company has a unique way of handling or managing its sustainability journey. The important part is to measure how determined, coherent and traceable those aspects are with regards to sustainability. According to Filiz, in order to be a sustainable firm “what kind of a systematic foundation exists”, “how are the applications implemented”, “how are the description and procedures of those applications connected with the strategy of the company”, “how could the structures and approaches be developed”, all have to be measured with the related parameters.

Sibel Ergün from Teta Tarım said that she was a member of the evaluation committee, receiving special training organised by TAIDER. The purpose of this training was to learn the methodology of “how to be an evaluator” and “how an evaluator works”. She believes that the North Star process helped participating firms to:

- enhance their overall sustainability consciousness
- serve as a paragon for other firms and next generations with unique sustainability approaches
- create added value in regard to developing sustainable business models, sharing best practices, learning from each other and cooperation opportunities
- be a factor in motivating them to develop themselves

Undoubtedly, the North Star award is an important and useful tool for family businesses in Turkey to enhance their sustainability journey.
effective learning tool for family businesses on their sustainability journey. It has also served as an effective branding and recruitment tool for TAİDER. The publicity and social media mentions gained from the North Star award helped to spread TAİDER’s vision in the country and brought new family followers from different cities in Turkey.

The award is constantly seeking for ways to improve and considers feedback from members and all other stakeholders; for example a finance aspect was added in 2019. Likewise, linking all aspects to their related SDGs was also added to the overall methodology to make it more robust.

The Need to Act Now

When we look at the general condition of the world and the problems we currently face that are clearly outlined in the SDGs, we see that there are huge tasks that have to be tackled and greater responsibilities that companies need to take. The conversion to a sustainable future needs the participation of business, and the leadership of family businesses is crucial.

TAİDER is undoubtedly a leader in FBN’s global sustainability efforts. Polaris provided the foundation and inspiration for the local association’s work, which then took the initiative to translate the tools and content, resulting in a nationwide sustainability award.

Learning from each other’s experiences and sharing best practices not only facilitate implementation but also accelerate the convergence process, since we are running out of time to deal with the climate crisis. As FBN members, this means all of us must play our role in achieving SDG 17, which calls for everyone to join or create the partnerships needed to reach the other 16 goals.

Dr. Izel Levi Coskun is Corporate Sustainability Ambassador and Managing Partner of his family business Mazars Turkey. A passionate advocate of Sustainability and Entrepreneurship, he is a frequent contributor to the Harvard Business Review blog and other business magazines in Turkey. He is a member of the Turkish Industry & Business Association and serves on the jury of TAİDER North Star.

2017 Winners:
Large Corporations: Sun Textile, Izmir
SMEs: ISM Machinery, Manisa
Jury Special Award: Ipeker, Bursa

2018 Winners:
Large Corporations: Yorglass, Bolu
SMEs: Pagmat, Manisa
Jury Special Award: Ipeker, Bursa

1 www.itohaber.com/haber/guncel/210108/turk_aile_sirketleri_kritik_virajda.html
4 The composition of the model is made with the cooperation of TAİDER and ARGE Consulting. The whole competition process is also supervised by TAİDER and ARGE teams.
Le Loop is a charity bike ride. It is a memorial to William Wates who died aged nineteen in 1996. Participants ride either part or all of the Tour de France route and in so doing raise money for the William Wates Memorial Trust. The Trust’s mission is to help disadvantaged young people stay away from crime and fulfil their potential. Eleven intrepid FBN members from six different countries joined the Polaris cycling team for the 2018 Tour.

The Polaris Team

Simon Torres  
Heppu Pentti  
Noora Kulvik  
Bob Rebel  
Joris Rademakers  
Etienne Roederer  
Risto Väyrynen  
Arnaud Begle  
Estelle Oltramare  
Jonny Wates  
Gordon Huddleston

Simon Torres (Colombia), Heppu Pentti (Finland), Noora Kulvik (Finland), Bob Rebel (Netherlands), Joris Rademakers (Netherlands), Etienne Roederer (Netherlands), Risto Väyrynen (Swiss / Finland), Arnaud Begle (Switzerland), Estelle Oltramare (Switzerland), Jonny Wates (UK), and Gordon Huddleston (USA)

We chose to ride three stages of varying distances and gradients. In total the team rode 455 kilometres and conquered some of the toughest cols in the Pyrenees mountains. The team also managed to raise US$20,000 for the William Wates Memorial Trust.

Stage 16: 218km
Carcassonne to Luchon. Flat with 3 climbs in the second half of the stage.

Stage 17: 65km
With three big climbs, even this short stage had teeth!!

Stage 18: 172km
A long, flat stage to wrap up our ride.

The bare facts can’t convey the nature of the experience we all shared. There was wonderful mutual support across the whole group, guidance given from old hands to novices, training weekends and shared training statistics, pain (some!), joy and achievement. The camaraderie out in France was brilliant. All three days meant long hours in the saddle and everyone struggled at times. But team spirit and commitment to the cause helped us through. The experience helped to build the Polaris community.

There is a Polaris team coming together for the 2020 edition of the Tour. Fifteen members from across the FBN community have already signed up for the ride which will take place within the 20th June – 12th July window, a week ahead of the pro peloton. We will start in Nice and finish, as always, in Paris. The exact sections we will ride will be decided once the Tour route is officially announced at the end of 2019. If you are interested in taking part, please contact Risto Väyrynen at ristovee@gmail or Jonny Wates at jonathan.wates@wates.co.uk

Jonny Wates is fourth-generation steward of UK-based Wates family enterprise and Chair of the Board Sustainability Committee. A trustee of Forum for the Future, Jonny is a sustainability aficionado and passionate advocate for Business as a Force for Good.

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Thought Leadership

Since 2014, we have developed over 40 case studies of business families on their journey to shape the future with purpose. Read our FBN member stories in our Polaris publications which also feature articles from global business leaders, world-renowned academics and game-changing impact professionals.

All publications available at www.fbn-i.org/sustainability/thought-leadership.

Polaris Volume 4 – Shaping the Future We Want (October 2018)
As a generation, we have enjoyed unprecedented technological, scientific and financial resources. With frameworks like the SDGs and technologies like blockchain, business in general and family business in particular have the opportunity to mobilise these resources for the collective good – charting a course towards a more sustainable, equitable and inclusive future for our children and generations to come.

Polaris Volume 3 – Family Business as a Force for Good (November 2017)
As a community of purpose-driven businesses, we aim to be net-positive. We need to not only minimise harm but to maximise good and put back into society and the environment more than we take out. The 2017 Polaris publication outlines new frameworks for understanding and accelerating your impact as it examines the spectrum of organisation types and the evolution of frameworks that blend business and social value. The case studies included in this year’s publication further highlight the transformative role of businesses to be a powerful force for the common good.

Vocation of the Business Leader – Reflections from a Family Business Perspective (May 2017)
Developed in concert with Vatican leaders and the FBN Thought and Religious Leaders Group, the document acknowledges the pressures causing business leaders to believe that their professional lives are incompatible with their spiritual lives. It urges leaders to eschew a divided life and embark on the alternative path of servant leadership. The document further explores the role of family businesses in the formation of business leaders as responsible stewards and family businesses as agents of social and economic inclusion.

Polaris Volume 2 – Building a Flourishing Family Business (November 2016)
Flourishing family businesses invest in communities to engage all stakeholders and promote development. This publication highlights the importance of vibrant communities for flourishing family businesses and explores opportunities identified in the UN SDGs. It outlines the Polaris Impact Assessment (PIA) and introduces the Polaris Peer Groups – support networks that empower family members to accelerate their journey and further their positive impacts.
2015 was a watershed year for sustainability with the introduction of the UN Sustainable Development Goals and the opportunity for business to be a global force for good. Learn how FBN members are contributing to these goals, engage with tools to chart your True North, and discover why sustainability is the key driver of innovation.

A family has many voices – and often emotional ones, making it hard to bring all these voices into harmony. To encourage smooth and constructive family meetings on creating positive impacts, we have created Family Conversations on Sustainability – a guide that sets out useful principles and practical suggestions for conducting effective, multi-generational meetings.

Sustainability is a journey, not a destination. As the family business progresses on this journey, cultures of both the family and business evolve, engagement increases and spheres of influence expand. The publication highlights at each stage the key focus, outcomes, process and stakeholders that need to be engaged. It maps out critical activities including Forming Sustainability Circles (Setting the Stage), Stakeholder Mapping (Holding the Mirror) and Measuring the True Cost of Business (Innovating for the Future).

To enable Family Businesses to measure and improve sustainability practices, FBN developed the PIA – a version of B Lab’s Impact Assessment that has been specifically customised for family businesses. The standard version of the B Lab assessment is well-established globally and taken by more than 50,000 companies in over 60 countries to drive sustainability performance and improve positive impacts.

Studies have shown that companies that have sustainability at their core attract talent, build credibility and outperform competitors. Join fellow FBN members and accelerate your journey by taking these three steps.

www.fbn-i.org/sustainability/measure-your-impact
Polaris is named for the North Star, a guiding light that has been used for thousands of years by explorers, as its position on the northern night sky marks the Earth’s geographic north pole. Just as our forefathers depended on this guiding star, family businesses can draw inspiration from the Polaris Framework as we journey to find our True North – a clarity of purpose that uniquely expresses our calling and guides our every decision.

Polaris has been developed with the interests and challenges of family businesses at its core. The framework is meant to help your family business assess its current state, and inspire it to find its own True North. It is grounded in systems thinking and prioritises engagement with all stakeholders and partnerships that create win-win situations. We encourage you to learn with fellow FBN members, share your experiences and inspire others as you forge a path forward that suits the unique needs of your family, business, communities and future generations.
The Stages of the Journey
As both the family and the business progress on this journey, engagement will increase and spheres of influence will expand. Most significantly, the culture of both will evolve.

The process begins with an **Awakening** of the family and business leadership.

This translates to heightened **Awareness** of what’s truly at stake.

An **Alignment** of people follows, which opens up their capacity to engage in efforts to increase their positive impacts.

Momentum gained will lead to **Activation** – inclusive acts that energize family members, employees and others who in turn champion the ongoing journey.

Ultimately, your **Advocacy** with an activated group of family members, employees and other change agents will help redefine the way business is conducted, for this and future generations.
Setting the Stage

An industrial enterprise, Industrium is part of a UAE food giant, the National Food Products Company (NFPC) established in 1971 as a partnership between the Bin Hamoodah family and the Antonios family.

NFPC is one of the largest producers of dairy, juice, water, bread and condiments in the UAE and the Gulf region, with a variety of products consumed daily by more than half of the total UAE population every single day. With exports to over 40 countries and 4,000 employees, NFPC is also considered as one of the region’s largest employers.

To cater for its growing packaging requirements, in 1977 NFPC established Industrium, a plastic packaging company that manufactures in the UAE with 660 employees and distributes to 14 countries. Today, Industrium operates several business lines within its three manufacturing sites in Abu Dhabi, including core work with plastic, converting various types of plastic, food packaging, and transportation packaging. The start of Industrium in the food sector, with zero tolerance for errors, has shaped us into becoming one of the most efficient and effective industrial players in the market with an end-to-end approach to developing our products and solutions.

NFPC is part of the Bin Hamoodah Group, a third-generation family-owned business operating in the UAE since 1967. The Group was founded by His Excellency Faraj Ali Bin Hamoodah in partnership with his brothers, who alongside their children now represent over 30 family members. Today the Group consists of companies collectively owned by three family-owned entities, namely Ghanem Ali Bin Hamoodah & Sons LLC, Hamoodah Sons Holding LLC, and Faraj Bin Hamoodah Holding LLC. The Group is highly diversified and operates across a wide range of sectors including agriculture, automotive, construction, engineering, finance, food products (NFPC), oil & gas, IT, manufacturing, and real estate.

The family business’ purpose is aligned with the founder’s vision to preserve the positive reputation of Bin Hamoodah family across generations through family harmony, and ensure they contribute to the economic and social development of the UAE society. This focus on contributing to society has been a driving force behind the family championing the environmental endeavours of Industrium.

Holding the Mirror

In 2013, the plastic waste problem was becoming a global concern for governments, NGOs, consumers and the private sector. In the UAE the plastic industry has had the fastest growth at 24% per annum over the past decade. A typical UAE resident uses 450 plastic water bottles a year, making it the fourth highest level of bottled water consumption in
A whopping 13 billion plastic bags are used annually, according to statistics from UAE’s Ministry of Environment and Water, which adds up to annual total waste of about 913 kilograms per capita.

“As a producer of plastic products, we decided we needed to do something to help reduce the impact of plastic waste on the environment. The challenge for us was the fact that we were specialized in ‘Food Packaging’, this meant that the plastic we use has to be 100% virgin and of food grade. Recycled plastic presents an unacceptable high risk of contamination; hence it cannot be used in our operation. Even the presence of recycled plastic is not tolerated in our Raw Material warehouses.

Another challenge was the fact that we are industrialist by nature; we don’t like artisanal, temporary or one-off setups. If we have to do it, it has to be at an industrial scale. All this led to the conclusion that we needed a dedicated factory to make our shareholders’ engagement with the environment a reality, and to make it sustainable, it had to be profitable.

The government is tackling plastic woes with the introduction of federal laws and resolutions. However, our role in the private sector means we don’t have a legislative directive or remit to proactively take action. Ultimately, the main impetus for this change came from the next generation family members and business executives. Economic boom and profits from plastic should be about sustainability; they should work for present and the future generations, the overall society and environment at large; not just for short-term profits”, said Ali Bin Hamoodah, second-generation family member and next-generation leader.

**Connecting the Dots**

In November and December 2013, key decisions were taken and executed to set the project in motion: (1) hire a business leader to lead the project, (2) procure land to build the factory, (3) acquire all necessary licenses, and (4) procure a few processing and production lines.

On 1st January 2014, the Managing Director joined, and 15 days later the building contractor started working onsite to build the plant and set up the required utilities. In April, the plastic processing equipment was received and the first trial production took place on 17th May 2014, only five months from the start of the project, and while the building contractor was half way through the building process.

*Giving a second life to plastic in the UAE*
The recycling plant was eventually given the moniker Solid Green, and was up and running by 2014.

The initial concept of the project was to use waste plastic, mix it with wood powder and produce a composite material: WPC (Wood-Plastic Composite). The WPC would then be used to manufacture pallets. Soon after the trial production in May, Industrium came to the unfortunate conclusion that pallets made from WPC were a failure for many reasons, but primarily due to the brittleness of the material.

Following the failure of the WPC pallet project, the project was realigned towards different priorities: acquiring plastic scrap from different streams (municipal landfills, industries, etc), recycling it, and then using it to produce transportation packaging products. It was decided that Industrium would develop a line of WPC products related to the construction industry: outdoor flooring and decking solutions, fences, pergolas, skirting, etc, which is more in line with the traditional use of WPC. Both the realignment and the construction of the project were finished by the end of 2014. Perhaps most importantly, the project and the team received a major boost when the factory managed to break even in its first year of existence.

Creating Impacts
Today, Solid Green represents roughly 10% of the total revenue of Industrium and is profitable. It purchases thousands of metric tons of plastic waste from landfills and industrial operators, recycles it (shredding, washing, grinding, granulating) and uses the recycled plastic granules to produce a variety of transportation packaging products and a few recently introduced plastic products such as flower pots and egg-trays.

Employees are encouraged by Solid Green’s achievements to date.

In the last five years, schools have visited the factory, which have both made a positive impact on the children and raised the awareness of next-generation leaders on environmental impacts and consciousness. In terms of business impact, Industrium has recently signed a long-term circular partnership agreement with all the large beverage and consumer goods brand owners in the UAE, whereby those large industries will send their plastic scrap to Solid Green and will buy it back as transportation packaging products.

Through its work, this family business actively contributes to many of the SDGs with a particular focus on SDG 12 (Responsible Consumption and Production). As Ali Bin Hamoodah states, “the problem with plastic is not the rising production or consumption per se, but rather how it is consumed and produced. In other words, the consumption and production system. We want to do our share of ‘responsible production’ in plastic.”

“I feel so proud when I see trucks loaded with dirty plastic scrap entering from one side of the factory, and trucks loaded with fresh rugged plastic products exiting from the other side of the factory; giving a second life to a material which otherwise would have gone to the landfill”.
- Hamzah Iqbal, Group CEO

Identifying Next Steps
In today’s world, ‘Recycling’ is a generic term that is widely used without really noticing the important differences in meaning. There are four possible meanings of “Recycling” when viewed at an industrial scale:

1. **Up-Cycling:** Plastic coming from a ‘sophisticated’ product is reused to make a more ‘sophisticated’ product. For example, using the plastic from a bottle to produce a sweater.

2. **Re-Cycling:** Plastic coming from a product is reused to produce the same product. For example, using the plastic from a bottle to produce another bottle.

3. **De-Cycling (also called Down-Cycling):** Plastic coming from a ‘sophisticated’ product is reused to produce a less ‘sophisticated’ product. For example, using the plastic from a bottle to produce a pallet.

4. **End-Cycling:** Plastic exiting the cycle. For example, burning the scrap plastic to produce energy.

After having successfully developed the experience of plastic De-Cycling, i.e. transforming waste plastic from food packaging products into less sophisticated applications such as WPC and pallets, Solid Green is currently developing its Re-Cycling capacity. A key learning in advancing to this next step was building the capabilities and know-how needed to handle the unique complexities of De-cycling food packaging. Having mastered these complexities, Industrium is well on the way toward taking the next big leap in ‘Recycling.’
Once the Re-Cycling process is ready, Solid Green plans to at least double its processing capacity over the next 3 years. By doubling its capacity, they are doubling the chances that plastic doesn’t end up in landfills, but instead continues on in a second useful life.

“We believe every package – regardless of where it comes from – has value and life beyond its initial use. If something can be recycled, it should be recycled. We want to help people everywhere understand how to do their part.”

Wissam El Hannoun, Plant Manager at Solid Green, standing next to production of plastic given a second life. Wissam joined the company in April 2014 as a technical manager.

1 Gulf Petrochemical and Chemical Association via www.pressreader.com/uae/khaleej-times/20190324/page/2
Setting the Stage
In the world of business, the insurance industry has some unique strategic challenges: Every market is usually characterised by low levels of consumer understanding, poor perception of value, and psychological mistrust. To compound matters, consumers are subjected to aggressive selling and competitive convergence.

Yet insurance is a critical linchpin of any economy. It enhances well-being by enabling risk transfer and management, while facilitating economic activity and trade. This is why the late Roger Zaccar devoted his life to the industry, first in Egypt and then in Lebanon after Gamal Abdel Nasser nationalized the industry in 1960. In fact, Zaccar moved his entire family to Lebanon and established an insurance company called Commercial Insurance. He truly believed insurance was a ‘good business’ because it was potentially profitable and decidedly purposeful. He built Commercial Insurance to offer life and non-life insurance services that would cover all risks. The company’s mission statement – to “manage your risks so you can live boldly” – has propelled it to attain the status and reputation it enjoys today.

In 1971, Max Zaccar assumed the mantle from his father and shepherded the company from strength to strength. Max’s daughter Coralie first did some work with the family business in 2009, conducting a lengthy microinsurance study to more fully understand the risks faced by the lower income population and risk-coping mechanisms. She then honed her business skills by pursuing her MBA at INSEAD before joining the family business full-time in 2011.

Holding the Mirror
As a third-generation business owner, Coralie’s formative years have played a big role in how she approaches the business: “When I was 14, I joined Anta Akhi, a voluntary organisation that takes care of disabled people. In 2006, a couple of friends and I founded the youth division of the Lebanese Association of the Order of Malta which aims to bring together communities by working across the Lebanese territory with all faiths and confessions, serving the forgotten people while respecting their differences. We focused on creating a platform for young Lebanese and international volunteers to join in our activities with disabled people, the elderly and disadvantaged kids. I always dreamed about an ideal world where I could combine business and social work.”

As it turned out, the conditions were converging for such a dream to be realised. Lebanon and the Middle East North Africa (MENA) region have traditionally had a very low insurance penetration rate. According to a study by the World Bank, around 50% of the Lebanese population has no access to any kind of safety net, neither to insurance nor social schemes, since about 20% work in the informal sector and about 30% are self-employed in low productivity activities. The insurance penetration rate for the Middle East was 2.1% in 2017 and, for Africa, the penetration rate was 3% in the same period.

In the midst of this challenging economic environment – or perhaps because of it – not many households could afford insurance, even if they acknowledged the benefits of it. Trust was lacking and many held the misconception that one needed social standing to set foot in an insurance company. In addition, large numbers didn’t know what a policy really covered and, more importantly, did not know how to file a claim. Insurance just felt inaccessible and something for ‘other people’.

After a two-year stint with management consultancy Booz & Co., Coralie felt she was ready to join the family business and make a difference. “I firmly believed I had to prove...
Giving Your Country a Chance to Live Boldly

myself outside the family business, build my experience and, more importantly, learn from my mistakes. The objective was to learn discipline, how to fit into an existing system, respect rules and regulations, and understand the extent of executive decisions and responsibilities.” She saw that her family business was a golden opportunity to combine her professional training in business finance with her passion for social entrepreneurship, making sure even the poorest in society can – in the words of the company’s mission statement – “live boldly”.

She plunged in, feeling the weight of responsibility that comes from knowing that, with the right leadership, a company like Commercial Insurance could be a force for good.

Connecting the Dots

Coralie established the company’s first microinsurance division in 2009. Microinsurance is an inclusive insurance service offered primarily to low-income communities that have limited access to mainstream insurance services. It provides people with little or no insurance the possibility of protecting themselves against specific risks that impede their lives, be they related to health, agriculture, property or death. Microinsurance is an efficient risk management tool that can prevent regression into extreme poverty. Low-income individuals living in riskier regions are especially vulnerable because they have less prevention knowledge (e.g. how to prevent a disease from spreading) and fewer coping mechanisms (e.g. sale of economic assets in times of stress). When overtaken by high-stress events, their immediate responses are typically abrupt and desperate while the long-term impacts are predictably grave and drastic.

The company’s microinsurance division has grown over the past 10 years. With it, Coralie’s personal effectiveness has grown as she has worked hard to prove herself worthy of the family name.

Impacts to low-income individuals living in riskier regions

<table>
<thead>
<tr>
<th>Immediate Impact</th>
<th>Household Response</th>
<th>Long Term Impact</th>
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<tbody>
<tr>
<td>• Income loss</td>
<td>• Sell household / productive assets</td>
<td>• Loss of productive capacity</td>
</tr>
<tr>
<td>• Revenue generating source loss</td>
<td>• Run down business stock</td>
<td>• Loss of income</td>
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<tr>
<td>• Impacted production</td>
<td>• Default on loans</td>
<td>• Depleted assets</td>
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<tr>
<td>• Asset loss</td>
<td>• Drastically reduce consumption</td>
<td>• Loss of access to financial markets</td>
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<tr>
<td>• Need for lump sum of cash</td>
<td>• Divestment of family ties</td>
<td>• Untreated health problems</td>
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<td></td>
<td>• Take children out of school to work</td>
<td>• Social isolation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regression into extreme poverty</td>
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Source: Protecting the Poor, A Microinsurance compendium, edited by Craig Churchill, 2008

“The best thing about working in family business is benefitting from the existing infrastructure and reputation. But you still have to build your knowledge and leadership skills as fast as possible, because external parties always compare you with the previous generation and expect you to be at least as good.”
Creating Impacts

The people of Commercial Insurance have worked relentlessly for 10 years to plant the microinsurance stake in the ground and nurse a fledgling value proposition into a full-fledged business. Coralie credits her team for demonstrating, through their work behaviours and actions, what family business is all about: “I was always taught employees are part of our family and our most important asset. People identify our name with the family business and vice versa, so we have to work hard to preserve our renown, and embrace our responsibility to our community and the environment.”

Microinsurance has undoubtedly deepened Commercial Insurance’s commitment to society, while adding a more humane facet to the brand. In addition to the existing commitment to the environment and the UN Global Compact, the family business now has a clear vision and strategy for expanding their unique approach to corporate social responsibility.

The ecosystem has responded. Today, Commercial Insurance works with micro-finance institutions, non-government organisations, supranational agencies, and community groups across the MENA region. With each different organisation, they have designed new insurance products that cater to the different needs of their members – always keeping in mind the touchstone of simplicity in administration and minimal or nil exclusions in order to win friends and customers.

The impacts – both at scale and the personal level – have been heart-warming. Here are four mini case-studies of how micro-insurance works.

To help decrease the unexpected financial burden these events can cause, the company has devised a funeral microinsurance package that provides a lump-sum to the family of the deceased. This microinsurance has halted sales of economic assets and stopped unscrupulous loan sharks, making households more resilient.

Parents work hard to ensure their children stay enrolled in school. However, when the family breadwinner passes away, they are often taken out of school and forced to find work so they can help support the family.

The company has designed a microinsurance programme that not only keeps, but incentivises children to stay in school. All school expenses are paid until graduation and they also receive a monthly income that helps the family stay on their feet.

This plan has helped numerous families keep their children in school and dream of a better future.
Produce can vary significantly each year depending on uncontrollable factors like weather and climate. Not surprisingly, rural farmers have become extremely cautious and save every bit of money they can in case of a bad year. This has prevented them from investing in activities to grow their agriculture revenue, such as the rent of additional land, and the purchase of better fertilisers and irrigation equipment.

As such, the company has conducted an in-depth study in each region to understand the main crop risks, and devised thresholds that will trigger payouts. For example, pluviometers are installed in drought-prone regions. Should the indicator not reach the minimum rain threshold, a payout is automatically provided to all subscribed farmers based on the hectares harvested.

With this agriculture microinsurance plan in place, farmers now have access to credit, can better cultivate their land, gain the confidence needed to invest and buy new tools, recover more easily from a bad season, and maintain a steady cash flow.

Identifying Next Steps

Commercial Insurance has made great strides in the past decade, yet there is still much work to be done. Transforming local consumer attitudes and economies takes time. Regulatory hurdles that hinder the development of a strong and competitive insurance segment need to be dismantled. Cultural and religious factors still impede insurance-buying behaviour, as some believe that any misfortune is simply God’s will. And inclusive job creation, especially for a burgeoning young population, requires sustained efforts by policy-makers, employers, and young people alike.

Coralie remains convinced that microinsurance will be a game-changer for low-income and other vulnerable groups. A special focus on mobile technology is under development at Commercial Insurance to serve a larger population and make accessible a larger range of risk mitigation and investment tools such as microsavings.

Taking the long view, Coralie and her father want to make insurance matter. They are determined to remake its role: Position it not as a shield, but – in a salute to their mission statement – as an enabler for people to live vividly. This will happen the day insurance is bought, and not sold.

“\nWhen I was growing up, I didn’t understand how my father could stay so committed to the business, despite the very tough situations our country went through. While many businesses closed and many families left Lebanon, my father took the decision to stay and keep operating to continue to serve our clients and pay wages duly. Sure, we were scared; but today, I admire my father’s courage and his faith in our country. And I’ve made the pledge to continue down that path. This is our home, These are our people. Together, we will come through.\n\n"
Setting the Stage
Epta is a multinational group specialising in commercial refrigeration for the Retail, HORECA (Hotel/Restaurant/Catering), and Food & Beverage sectors. It manufactures and provides a comprehensive array of refrigeration solutions through a wide range of products that include traditional refrigerator cabinets, vertical and semi-vertical chillers, vertical and horizontal freezers, plug-in units for Retail and F&B, medium and large capacity refrigeration systems, and cold rooms. Currently Epta enjoys a strong global presence thanks to its numerous production sites in Italy and abroad, its far-reaching technical and sales forces spread over 40 branches, and its stable of well-known brands including Costan, Bonnet Névé, Eurocryor, Misa, IARP and Kysor Warren.

Headquartered in Milan, the Group employs a staff of almost 6,000 employees and, in 2018, had a turnover of 921 million Euros. While Epta is an international company, it also works hard to retain a strong Italian identity. By combining the expertise and unique skills of each brand with systematic research and development, the Group has consistently shown it has the ability to innovate and stay ahead of the global trends in its industry. In turn, this allows Epta to help all of its customers achieve excellent levels of performance.

The origins of the Epta Group are intertwined with the inspiration and entrepreneurial skills of its founder, Luigi Nocivelli. A true Renaissance man, his interests ranged from mechanics to art, from industry to agriculture, and from architecture to literature. He began his career right after the Second World War working in his father's workshop, which he eventually transformed into Ocean, a leader in the electrical appliance industry. In the 1970s, he became the CEO of Ercole Marelli, where he nurtured a dream of relaunching Italy's electro-mechanical industry. In the ensuing twenty years he was incredibly successful in building Ocean into an electrical appliance empire. In the new millennium he founded a company named Epta — from the Greek ἕπτα, «seven», with the goal of building a business he could pass on to his seven children.

With Luigi at the helm, Epta quickly became a leader in the commercial refrigeration industry and expanded its footprint thanks to strategic buyouts of leading Italian and foreign brands. Recently the leadership baton was passed to the second generation, when the son of Luigi, Marco Nocivelli became Chairman and CEO. Planning, organisation, and preparation are a few of the keywords that characterize Marco's approach to shaping the business. He strongly believes that if you want to reach a goal, you have to train and study hard, then act to achieve it.

Marco continues to guide Epta in keeping with the values and teachings of Luigi: Order, humility, delegation, resilience, and the ability to let others lead: these are central to how the Group is run. These values ensure that Epta rests on a sound foundation and is well-positioned for future growth. Besides Marco, two other sons and one daughter of Luigi are currently members of Epta's Board of Directors and strive to preserve and build on the company's heritage and his values.
Holding the Mirror

The commercial refrigeration industry is often considered to be highly polluting owing to the emissions created by refrigerants. Hydrochlorofluorocarbons (HCFCs), freons and halons used in commercial refrigeration, solvents, propellants and foam-blowing agents are responsible for depletion of the earth’s ozone layer, and are in the process of being phased out worldwide per the terms of the UN’s Montreal Protocol on Substances that Deplete the Ozone Layer. These compounds also contribute to global warming, an issue that the U.S., the European Union (EU) and numerous other countries are currently seeking to tackle by also phasing out use of hydrofluorocarbons (HFCs).

Global warming is an increasingly important topic for international institutions and private companies, and Epta has always been sensitive to the environmental impact of its business. A concrete example of Epta’s long-standing sustainable approach are its production sites, where it has consistently invested in systems that promote higher productivity and reduce the consumption of natural resources. For example, its Limana plant, close to Belluno, Italy, has adopted a number of solutions for reducing greenhouse gas emissions including a co-generation and biomass system and photovoltaic panels – this has also made the plant almost completely energy-independent. The Group has also shown a constant commitment to reducing waste by increasing the use of recyclable resources in its production processes. Currently over 95% of the materials used are recyclable – as is 100% of product packaging.

Epta is actively delivering on the UN Sustainable Development Goals (SDGs). In particular, the adoption of green technology, such as the one at the Limana plant, helps ensure access to affordable, reliable, sustainable and modern energy for all (Goal 7), and also supports sustainable consumption and production patterns (Goal 12).

Connecting the Dots

Epta R&D has always been committed to researching and testing refrigeration systems that can meet market demand while being energy-efficient. Over the years, the group has...
launched some of the most advanced refrigeration systems (for example, the CO₂ cascade system) and has kept developing new solutions to achieve the best combination of efficiency, simplicity and standardization. The perfect result of this work is the Full Transcritical Efficiency (FTE) system.

The FTE system is a complete refrigeration system for small and medium stores. It uses flooded evaporators, which leads to a significant reduction in the difference between fluid evaporating temperature and display cabinet temperatures, resulting in reduced energy consumption. Some would say this is a simple solution, because only a multi-level liquid receiver - the real heart of the innovation - has been added to a traditional system. What makes it a revolutionary solution is that Epta has made it available on such a large scale. In fact, this new technology guarantees reliability, practicality and efficiency for retailers worldwide, thanks to its outstanding performance standards in any climate. The FTE system guarantees energy savings of 10% (compared to a standard CO₂ unit) and installation and maintenance cost savings of up to 20%. To date, the system has been installed in about 200 points of sale worldwide, such as at Wentworth Point near Sydney, Australia, Santa Fé near Rosario, Argentina, or Alicante in Spain – all of which have confirmed the values yielded by the preliminary studies.

Being such a sustainable and industrial scale innovation makes the FTE system a perfect example of a project born to meet SDG 9: by using this new technology, retail stores can become more sustainable by increasing their resource efficiency while also decreasing their energy costs – truly a win for everyone involved.

Beyond the benefits it delivers to their clients, the FTE system has also won numerous awards for Epta including: the RAC Cooling Award 2017 – Refrigeration Innovation of the Year, given at a key UK event for the HVAC&R sector; the German Refrigeration Award 2018, which rewards the development of innovative and energy-efficient technologies; the Italian Sustainable Development Award 2018, which celebrates success in the green economy; and the Perifem Award 2018, organised by the French association of Retail Technical Producers.
Creating Impacts

For the important and positive contribution the FTE system makes in reducing consumption of CO₂ as refrigerant, it has been recently included in the prestigious Life-C4R Carbon Retail Refrigeration project. A project by Epta co-financed by the EU, it was created to accelerate the dissemination and implementation of very high-efficiency CO₂ refrigeration systems.

Intended to boost environmental and climate protection, LIFE17 is promoting more than 35 projects, divided into two areas, Adaptation and Mitigation. These projects focus on actions that facilitate fire prevention in the hottest zones of the Mediterranean, and work to reduce coastline erosion and flooding. Additionally, there are programmes to attenuate the effects of climate change in cities through a more responsible management of green areas, with a consequent improvement in the healthiness of air.

Within LIFE17 the Life-C4R project is a 3-year long initiative (2018-2021), which is aimed at developing a management protocol in the technical, marketing and communications sector. Life-C4R projects fall under SDG 13, requiring clear and urgent action to combat climate change and its impacts. Its strategic plan includes two special projects in Italy, four in Romania, Spain and subsequently in Nordic Countries, to verify the performance in different climatic conditions and conduct a comprehensive analysis of the lifecycle of the systems.

In short, LIFE C4R has created a great business opportunity for Epta, as the business can now propose FTE technology as a standard industrial solution for the entire European Union.

Identifying Next Steps

Epta has a long history of innovating environmentally-friendly solutions, and it is dedicated to continuing on this path. Its goal for the next year is to create industrial standards that will support policy makers in further pushing the expansion of energy-efficient and natural refrigeration systems. These new policies are important because the issue is no longer just about delivering better performance and financial savings to its customers – it is now about being a leading player in transforming the commercial refrigeration industry.

With its complete catalogue of natural refrigerant solutions for the commercial retail market, the Epta Group is well positioned to play a central role in driving this change. Having already performed hundreds of successful installations, the FTE system is certainly the most accredited solution the industry currently has to support in the continued progression of CO₂ systems worldwide. In fact, the diffusion of this technology has been so wide and rapid, that Epta is currently investing even more in improving the FTE technology.

The EU has set targets for reducing greenhouse gas emissions by up to 80% by 2050 and the FTE system alone can deliver 39 million TCO₂ eq (equal to the CO₂ emissions of Belgium) in reductions, while also eliminating HFC usage from the commercial refrigeration sector.

Epta continues to innovate for the future and create partnerships that accelerate the reduction of GHG around the world.

“There is great coherence between the initiatives promoted by the family and Epta’s way of doing business. Respect for human values, protection of resources and the environment, care of local communities: These are the pillars of Epta’s entrepreneurial spirit. These strong values are shared at all levels of the organisation and have become real during our everyday life.”
Setting the Stage

Established in 1953, Gunung Sewu is one of Indonesia’s diversified business groups, with a workforce of approximately 33,000 people and operations in the food, insurance, property and other emerging businesses. Founding patriarch Mr Go Soei Kie (Dasuki Angkosubroto) believed that business should do good and care for people and the environment. He demonstrated his values through practical actions—caring for communities, customers, employees and business partners, and emphasising integrity in all dealings with stakeholders. Today, the founder’s son, Husodo Angkosubroto, helms the family business. And together with his siblings Lanny and Honey, the second generation are continuing their father’s legacy of creating meaningful progress for people and the country.

Great Giant Pineapple (GGP), the food business pillar of Gunung Sewu, produces and distributes pineapples. The company offers pineapple slices, tidbits, crushed pineapples and pineapple juice concentrates, as well as processing, packaging and canning services. Founded in 1979, the company is located in the Lampung province. It has approximately 34,000 hectares of land under cultivation.

GGP runs the world’s largest integrated pineapple plantation and processing facility. The facility processes 2,000 tons or more than one million fresh pineapples that are peeled, sliced and canned every day. The company also plants and harvests fresh fruits to serve both domestic and export markets. Its annual revenue topped US$308 million in 2018.

Long before the term ‘corporate social responsibility’ made it into the lexicon of annual reports, sustainable farming was a hallmark of GGP. The company strives to embed social and environmental considerations in all of its processes and holds sacred its relationship with the local community: Employees and their families enjoy quality housing, medical care and educational opportunities, while the larger community benefits from its efforts to upgrade road infrastructure and investment in schools. GGP equips farmers with quality seeds, technical know-how, capital and access to markets. Conscious of the need to have a positive ecological impact, GGP practises land preservation and restoration, waste water treatment — and is committed to ‘zero waste’ and to be a model for the circular economy.

Holding the Mirror

33% of Indonesia’s 260 million population are employed in agriculture, mostly in small-scale, subsistence farming in rural areas. Though Indonesia’s land is fertile, these smallholder farmers face operational challenges. They still till the farms with antiquated tools and machines; they lack access to information for optimal production and profits; and as the scale of harvests are too small to be directly transported or distributed, they are left with little bargaining power to negotiate with middlemen who themselves are part of a long value chain. This system does not offer much stability and security. (fig. 1)

The family understood that this deep-rooted challenge posed a significant barrier to sustainable farming in Indonesia. They recognised that farmers needed to leverage technology if they hoped to work more efficiently — it was a strategic way to increase a farmer’s knowledge about management, finance, and marketing. Finally, the family held a conviction that in a country in need of development, any substantial solution would need to engage a large number of farmers and ignite the imagination of a wide-ranging ecosystem. It was a huge challenge but potentially an even bigger opportunity.
Connecting the Dots

The family is aware of the need for systemic, sustainable and scalable growth. Accordingly, a key component of GGP’s strategy is the company’s engagement with its surrounding communities. This is of particular significance because rural Indonesia is home to low income populations with limited access to education and jobs. In this context, companies can either run their business separate from their communities – or they can grow their business together with their community. The family opted for the latter route.

A pilot project was hatched in and around the Tanggamus district of the Lampung province, 90km from GGP plantations in Sumatra. Tanggamus was chosen because it has abundant natural resources, fertile soils and coast-to-mountain landscapes that collectively give it the potential to be one of the largest agri- and horticultural centres in Indonesia.

GGP persuaded local farmers living in close proximity to their sites to grow commodities like banana, yellow papaya and guava that GGP could bring directly to market – cutting out the middlemen. The company provided technical training and good-quality seeds. As a result, individual farmers earned a decent income and eventually built up some savings.

To empower the farmers, GGP helped the farmers to establish Koperasi, a farmer’s co-op and centre of distribution, ensuring that both GGP and the farmers enjoy economies of scale. All profits collected by Koperasi come back to the farmers. For the local market, the product is distributed through GGF’s own brand Sunpride, which has 3,000 retailers across Indonesia. (fig. 2)

Creating Impacts

The Creating Meaningful Progress model for contract farming has brought about huge benefits for both the farmers and GGP. The farmers enjoy:

1. Market Certainty: There is an ‘off-take’ agreement in which GGP guarantees to buy all products from farmers based on quality / specifications produced by them. The purchase price is agreed on upfront by both the farmers and GGP. The farmers have income security and are able to focus on operations and not worry about price fluctuations.

2. Lower Operating Costs: GGP equips farmers on the programme with free high-quality seeds, and helps farmers to eliminate unnecessary transportation costs. Farmers also can buy fertilisers and other supplements at cheaper prices.

3. Best-in-class Education: GGP prioritises technology transfer of best practices in cultivation and post-harvest handling to the farmers. In this way, farmer knowledge and agri-practices are constantly upgraded. The aim is to maximize farmer capacity and increase productivity.

4. Increased Incomes: With reduced operational costs and increasing productivity and quality, participating farmers are receiving income 2-3 times the minimum wage of the Tanggamus area.

Fig. 1 – The Traditional Farmers Value Chain

Fig. 2 – GGP’s Transformative Value Chain – Empowering Farmers
The benefits to the family business are substantial:

1. **A sustainable fruit supply:** Since the start of the programme in 2016, 564 farmers have joined the programme and are cultivating 430 hectares.

2. **Higher-quality product:** By putting higher-quality seeds into the farmers’ land, GGP enjoys higher-quality fruits. To ensure farmers cultivate to high standards, GGP’s training and supervision ensures plant care, fruit care and good post-harvesting methods.

3. **Lower cost:** This transformative value chain also results in reduced costs for GGP as the family business sources fruit directly from the Farmers Co-op and ships straight to the retailer. Middleman margin is eroded and GGP is able provide the fruits at a competitive market price.

Since the launch three years ago of this pilot programme in Tanggamus, GGP has put in place a series of metrics to measure the efficacy of the programme. (Fig. 3)

**Identifying Next Steps**

Advances in technology have made it possible for Indonesia to leapfrog others in rolling out best practices. GGP developed a smartphone app called eGrower, an Android-based application that captures the profile of the farmer, activities in the plantation and the packing hours, and the use of materials until the harvesting season. The company is further embracing technology to accelerate its journey of creating meaningful progress for people and the country. These include plans to leverage IOT where data and practices will be saved and accessed on the cloud, enabling transparency and greater productivity.

GGP’s focus on Creating Shared Value (CSV) has been three years in the making. Since 2016, the company has helped the surrounding community become its best self through capacity building and infusions of knowledge, training, trust and goodwill. The Family also has courageous plans...
to double down on community welfare and establish a sustainability roadmap that the company and community can rally around.

There is still a series of research and pilot projects that need to be conducted before this model can be deployed at scale. But early indications are encouraging; and corporate and community commitment is strong. Once the supporting data is in, GGP intends to roll out this philosophy and practice to other parts of the Indonesian archipelago.

“We believe that this business model will be the trend for the agricultural sector. We are determined to demonstrate that business and community can and should go hand-in-hand in growing together.” - Husodo Angkosubroto

“Before joining GGP’s Farmers Partnership Programme, we used to grow coffee; but coffee needs a whole year to grow and we need a steady income. When we grow coffee we only get Rp 20 million per year for a hectare. With ladyfinger banana, for only ¾ hectare we get Rp 2.8 million per month.

We used to cultivate crops on our own, with no training on how to improve our productivity. With GGP, we are now trained to export from our own home. Our crops are now export quality. We have exported our bananas to places like Singapore and China. Now we are more confident of sending our kids for higher education.”

Said Soleh, chief of the Tani Hijau Makmur co-operative in Tanggamus, is grateful for the programme.
Jaipur Rugs

Weaving a Tapestry of Empowerment across Rural India

Nature of Business: Carpet Weaving
Industry Sector: Manufacturing
Family Business History: 2nd Generation
Provenance: India

Setting the Stage
The story of Jaipur Rugs is one for the ages. It exemplifies how a purpose-driven company focused on inclusive growth redefines success in business. By empowering marginalised communities, nurturing a new ‘creative caste’ and connecting them with global markets, Jaipur Rugs has transformed the lives of thousands in rural India whilst building a flourishing family business.

Jaipur Rugs is one of India’s largest manufacturers of hand-knotted rugs. Founded in 1978 by Nand Kishore (N.K.) Chaudhary, the core purpose of Jaipur Rugs is to nurture the creative capacity of India’s artisans and empower them to fulfil their aspirations and live a dignified life. NK’s five adult children are committed to the family business. They cherish that their “business is built on a bedrock of values that goes back to our father and founder, that combines kindness as our default demeanour, compassion for those around us, and the humility that everyone deserves dignity”.

To connect people around the world with the talents of the artisans that surround him in India, NK started Jaipur Living. Headquartered in Atlanta, USA, Jaipur Living is helmed by eldest daughter Asha while second daughter Archana heads quality assurance.

Back in India, daughter Kavita is the Design Director, while sons Yogesh and Nitesh work in marketing, sales & supply chain management.

Yogesh had an unorthodox entry into the business. In 2006, while back on a break from his sophomore year at Boston College, the family faced dramatic upheaval at home. A theft at the office had pulled the rug from under their feet and some key people in the organisation had quit. Father NK was under tremendous pressure and young Yogesh stayed back to lend a helping hand. Yogesh shares that until that experience, he had no intention to join the family business. But the young man’s technical knowledge and expertise in international marketing proved invaluable to the family business. Today, Yogesh is the driving force behind the company’s efforts to expand to 60 countries within the next 10 years.

Holding the Mirror
NK Chaudhary grew up in a small town in Rajasthan, a state in northwestern India. After graduating from the University of Rajasthan, NK began his career in his family’s shoe shop. However, he wanted to do something on his own, with societal impact. He learnt that high-quality rug weaving was in demand. But simply starting a traditional business and employing people was not enough to reshape society. NK had bigger plans. He intuitively realized there was a need to fundamentally change the way business was conducted. The carpet industry had a lot of middlemen; unfair and delayed wages to artisans were really big problems. Furthermore, in India’s male-dominated society, women hardly left their homes except for the most dire of necessities. Going to work and earning an income were far-fetched scenarios. Furthermore, in India’s male-dominated society, women hardly left their homes except for the most dire of necessities. Going to work and earning an income were far-fetched scenarios.

There was also the roadblock of the world’s oldest form of surviving social stratification, the system that divides Hindus into four rigid hierarchical groups based on their karma (work) and dharma (duty). Rural communities have long been arranged on the basis of castes: The upper and lower castes almost always lived in segregated colonies; village artisans from lower caste communities used to take a different route to go to market to avoid the disdain of upper caste women. Water wells were not shared; Brahmins, for instance, would not accept food or drink from the ‘untouchable’ Shudras (people of a lower caste); and one could marry only within one’s caste.

It was apparent to NK that conventional means and business-as-usual could not address all these societal challenges.
Connecting the Dots
Chaudhary had the conviction that he would succeed only if he challenged the status quo. So he adopted an audaciously different business model:

1. Pay weavers on time (monthly), fairly (without deductions as the middlemen were prone to do) and close to twice what they were making.
2. Provide them all the materials they would need.
3. Enable them to work from home.

This was disruption on three massive fronts—a complete rejection of conventional theory and practice. But NK was convinced that weavers who work from home—with access to their children and families—would be happier and more productive. He also believed that people discover their best selves when they are treated with fairness and dignity, and given a chance to earn a sustainable livelihood with the work of their hands.

The business started when a then-25-year-old NK, with intelligent naivety and little else, borrowed Rs5000 (US$100) from his father to purchase two looms and an old bicycle to start his rug business. He set up the looms in his home and quickly learned the technical aspects of weaving from local weavers, adding more looms and hiring nine trained but unemployed villagers. His wife supported his new venture despite pushback from their families. She cooked, fed and took care of the weavers, who often slept and ate at their home. In the face of uncertainty, with no precedent or safety net to fall back on, they pressed on, fuelled by hope and a tenacious belief that people with purpose can accomplish anything.

Two years later, they moved from Rajasthan to the neighbouring state of Gujarat to work with tribal communities, teaching them how to weave. NK’s business philosophy was—and remains—rooted in the villages of India, not in the rise of congested urban factories. He self-effacingly stated at the time: “I don’t do well in a suit and tie.” Eight years later, he had built a network of 15,000 tribal artisan families in the state.

Jaipur Rugs employs men and women who live in the most remote parts of India with little to no access to transport. The greatest challenge in these artisans’ lives is commuting to work and back, often resulting in families that live far apart. One of the key differentiators of the Jaipur model is an artisan’s ability to not only work from home but have business travel to them.

Through a grassroots network that requires specialised logistical support, raw material is dropped off at an artisan’s home where they work on the product. To ensure end customers receive high-quality products, quality supervisors
inspect looms to help ensure a consistent output while tracking progress. When completed, the rug is picked up at the weaver’s doorstep and sent on to the next stage of the rug-making progress.

Eighty distinct processes are recognised in carpet making, from buying the raw materials to final delivery. Jaipur Rugs monitors each one, sending a quality supervisor every two weeks to the villages to track progress. Through a conscientious and robust programme, Jaipur Rugs trains and contracts these rural people to make world-class hand-knotted carpets from home using weaving looms supplied by the family business. Unlike the old practices where weavers were only paid on completion, Jaipur Rug artisans are given progressive payments every month when the supervisors come by for training and quality inspection.

Quality control is of paramount importance. In 2009, the company was throwing out US$10,000 worth of product because of defects and loose knots. It eliminated waste by setting up more checkpoints at the village level and then in the warehouse. Completed rugs were delivered to the Jaipur offices for inspection. Colour-coordinated digital blueprints were designed, printed, and sent to the village artisans to create consistency of output. Colours also made it easy for villagers, who were illiterate; they simply had to match thread colours to the pattern.

The Jaipur Rugs ecosystem works well because its people are mission-aligned. NK has built Jaipur Rugs by emphasizing family values, nurturing relationships and prioritising people. The family business governance board meets once a month via video-conference to review operations, forge strategy and plan for the future.

Only a leader with an audacious ambition would be able to pull this off. But despite his grand vision, NK has remained a realist, believing that the real lessons of business (and life) are learned in practice, not in the classroom. His battle-cry? “Knowledge gained without practice is ego.”

Case in point: When he hired his first management team, NK opted for well-educated, experienced candidates. That resulted in a period of tumult. NK, a man of the villages, was at odds with the city-bred professionals who carried degrees from illustrious business schools around the world but had little understanding of the weavers’ lives. To give them perspective and to ‘break the ego’, he set up a unique programme: The Higher School of Unlearning. He partnered professionals with older, less-educated managers who were entrenched in the business. “You have to appreciate the wisdom that people at the grassroots level have. They’re probably the best managers in the world.”

The initiative was intuitive; but it was founded on sound organisational principles. Companies of the future need to build not just their ‘know-how’, but also their ‘learn-how’. They need to be intentional about their learning process, and build in real time and space for ‘unlearning’.

Creating Impacts

Today the company’s operations impact over 50,000 artisans from across 610 Indian villages in the most remote parts of India. These talented weavers produce rugs that range from simple doormats to intricate works of art in silk. Knot quality determines price and prestige: The finer and tighter the knots, the higher the value. It can take anywhere from three to six months to complete a rug; in that time, a weaver builds a bond with her product, and it becomes a labour of love. More recently, weavers are being encouraged to sign off on their work – a practice that promotes pride of accomplishment and high-quality standards. The Manchaaha (‘made from the heart’) collection are one-of-a-kind rugs that also double as captivating storytellers, as when buyers display them in their living spaces, they share tales of artistry, empowerment and resilience.

Jaipur Rugs has also gained international recognition for outstanding design by winning 48 industry awards (www.jaipurrugs.com/media/awards) as well as six certifications of quality (www.jaipurrugs.com/certifications) – an external validation of internal standards.

While market recognition sells the product, something more profound has burnished the brand. Jaipur Rugs has not just salvaged vulnerable lives by offering a livelihood, it has reshaped communities by challenging India’s centuries-old caste system. The patriarch Chaudhary believes that this is one of Jaipur Rugs’ biggest impacts to date: Working with Jaipur Rugs as contract weavers, lower-caste women have developed confidence as they have earned income and acquired financial literacy. Their quality of life has improved as they have gained financial independence from male family members, and in addition, earned acceptance from upper caste women. A journalist memorably summed up the positive change: “For Jaipur Rugs, there is no upper caste or lower caste. They are creating a third caste – the Creative caste.”

The company has grown as a result of their labours: It generated sales of 1 crore in 1999; by the end of 2018, business had grown to 155 crores.
Identifying Next Steps

Who would have thought that one man’s dream could have such a transformational impact on thousands of people’s reality? By recognising carpet weavers as artisans and enabling their self-determination, Jaipur Rugs is weaving threads of dignity, hope and self-esteem into the fabric of once-marginalised communities across rural India. Moreover, through its marketing and distribution channels, the company is connecting this new creative community to the living rooms of discerning customers in over 60 countries. Accordingly, the company is consciously being transparent about its supply chain. Buyers and fans of Jaipur rugs can journey to India and visit an artisan weaver to discover first-hand the product being woven with purposeful pride.

“We want to become a household name for rugs; we want to tell our story in a more compelling way, and inspire others to consciously work with sustainability in mind. We want to grow the business; but at the same time, we do not want to distance ourselves from our core base of weavers. That connection will be our source of competitive advantage in the decades to come.”

Affirming the dignity of weavers continues to be Jaipur Rugs’ utmost priority. To this end the family business is partnering with HCL Foundation, Aroh Foundation and HDFC Bank to expand the programme and provide even more benefits to their artisan community with an emphasis on self-management, skills development, and increased opportunities for income generation. There are also plans to scale up the Manchaha collection of Rugs and connect it with more weavers.

NK Chaudhary himself sums up his life’s work through this personal lens:

“Working with these talented village artisans changed my life forever. It has given me an appreciation of life and talent that no other career path would have done. So many years ago, when I was faced with the most important decision of my life, I followed my heart, not my head... and as Robert Frost said, that has made all the difference.”
Møller Family

Integrating Social Inclusion into their Core Business

Nature of Business: Automotive, Real Estate, Investment Portfolio, Family Office
Industry Sector: Mobility, Real Estate, Finance
Family Business History: 4th Generation
Provenance: Norway

Setting the Stage

Founded in 1936, the Møller Mobility Group is a prominent importer and car dealer with operations in Norway, Sweden and the Baltic countries. With over 4,300 employees it is the largest importer of vehicles in Norway, specialising in Volkswagen, Audi, Skoda and Seat. The Møller Mobility Group is also one of Norway’s largest family businesses with an annual turnover of 28.4 billion NOK (2018). The Group is notable for its ability to innovate and adapt while still preserving its core business, which can most recently be seen in its foray into car sharing.

83 years ago, Harald Aars Møller founded Strømmen Auto, a car store and car service workshop. His position as the sole dealer of Dodge & Desto cars in Norway was key to the success of the business and enabled it to move into new industries. In 1956, the company started its long partnership with the Volkswagen Group, after which Norway became one of Volkswagen’s most successful markets outside of Germany.

In 2003, the company experienced a major transformation when it was split during the transition from 2nd to 3rd generation. One family branch, the Schage family, took over the family’s industrial production investments. The Møller family took over the car business and the remaining financial and real estate investments were split between the two branches. Part of the Schage branch later re-joined Møller after selling its industrial production investments. The resulting funds from this sale enabled the company to expand its activities to the Baltic countries.

This split, along with the financial crisis of 2008 and Volkswagen’s "Dieselgate" scandal, were challenges that ultimately strengthened Møller Mobility Group’s governance and helped paved the road to the success they are enjoying today. In 2014, a new family holding company was established under the name Aars with an overall ambition to develop a modern and professional family office. Financially, its focus has been to build a more robust ownership structure, diversify the family assets and reduce risk while growing the net worth of the family. Family risk has also been reduced by enabling voluntary involvement and ownership.

The 16 current family owners are engaged in and united through the activities of Aars, which also provides professional support to family members both on ‘hard’ and ‘soft’ issues. To facilitate and encourage involvement from all owners, Aars has invested in an office villa where family members can gather for both business and pleasure. In addition to hosting the family office, the real estate business and the investment company, the office also has gym facilities, a photo collection and a social space for events and celebrations.

Family holding companies

Aars

Møller Mobility Group
Automobile and Transportation

Møller Real Estate
Investments

Katalysator
Financial Investments

Møller Medvind
Social Entrepreneurship in Core Business

While the family has been involved in various philanthropic activities for decades, they wanted to create more meaningful impact by embedding social responsibility into its core business. Aars has identified three key ambitions relating to social responsibility: To contribute to a greener society, to play a central role in mobility solutions and...
urbanisation, and to be recognised as an innovative company that cares for its people. Møller Medvind, a social inclusion initiative which the company is directly and actively involved in, emerged from these aims.

**Holding the Mirror**

Norway has a welfare system where free education and health services for all citizens are important principles. Given Norway’s small population, high participation in the workforce is necessary for the welfare system to work. Despite the positive trends of gender equality in the workplace and high retirement ages, integrating everyone into the workforce remains a challenge. A recent report showed that 70,000 people in Norway between the ages of 20-66 are not in education or employment. Out of these, 40,000 are statistically expected to carry this status in the long-term. The relatively low rate of NEETs (individuals not in employment, education nor training) in Norway means that this segment tends to be more disadvantaged than in other OECD countries. Therefore, it is crucial to both the Norwegian welfare system and the quality of life for those affected that the NEET rate is minimized.

Bjørn Erik Tangen, who has 35 years of management experience within the Møller Mobility Group, thought that the Group could play a role in finding a solution to this challenge. Before becoming the managing director of Møller Medvind, he had successfully employed so-called ‘unemployable’ individuals for several years. Bjørn Erik had found that most of these recruits turned into valuable employees when they were equipped with committed managers, valuable training and trust. This experience showed there was a real opportunity to include more young people in the workforce by expanding this unconventional hiring process.

Another key person in the Møller Medvind project is Mari Schage Førde, 4th-generation owner in Aars and board chairwoman in Møller Medvind. She has been been active in the family’s philanthropic activities for a long time and was head of the Social Activities unit since 2017. Mari was eager to make a more meaningful impact by integrating social responsibility into their core business. With the company’s resources and the family’s extensive network, she saw that they had a solid starting point for contributing to a more generous society.

**Connecting the Dots**

With the encouragement and support of the family, Møller Medvind was established in 2018 as a separate legal entity. Its core function is to provide NEETs with valuable training to get them into the workforce. It employs the ‘unemployable’ individuals who are dependent on state support. These individuals currently provide two main services: Preparing used cars for sale, and car cosmetics. Mari’s experience with social activities complemented Bjørn Erik’s expertise of integrating young NEETS into core businesses, and made them a balanced and formidable team. Their energy and personal engagement in the project were also success factors. As explained by Mari, the initiative creates a win-win situation: The company has work to be done, and the young candidates need work.
In an early phase of the project, the company encountered a fundamental challenge. It lacked the experience and networks necessary to find the ‘unrecruitable’ people which the programme was designed to engage and support. This led to a collaboration with the Norwegian Labour and Welfare Administration (NAV), which became critical to the success of the project. NAV supports the long-term unemployed by paying their initial salaries at Møller Medvind, where they receive valuable training. Møller Medvind and NAV have a strong partnership which aims to increase the number of candidates reaching full-time employment. To facilitate this, NAV also offers a variety of services customized to individual needs. For example, they may provide candidates with housing, additional training, or even access to psychologists. They also participate in the recruitment process by nominating motivated candidates.

Bjørn Erik and Mari’s management style is characterized by its continuous adjustment, efficient decision-making and minimization of time-consuming bureaucratic activities like reporting. They are both highly involved in the company and have formed strong personal ties with the employees. They believe that a flat hierarchy is important for the work environment, therefore three supervisors have been carefully selected instead of managers. Further, the company recruits volunteer mentors from Aars to ensure a rewarding and enjoyable workplace.

Bjørn Erik and Mari trigger engagement in the family business by frequently discussing the project internally in Møller Mobility Group. Further, they invite all the management teams within the company to host their team meetings at Møller Medvind facilities. This gives them an opportunity to advertise the project through a short presentation and tour. Encouraging these physical visits has led to an increase in the number of internal customers.

Creating Impacts
Møller Medvind treats candidates with trust and respect. Accordingly, their feedback has been very positive. Candidates have reported both professional and personal benefits like feeling a sense of belonging, having new career opportunities, being trusted with responsibility, and even simply being excited to go to work in the morning. Furthermore, permanent employment opportunities create new possibilities like getting a mortgage or being able to visit a family member abroad. Møller Medvind has become a showcase in politics and for public services. In fact, Møller Medvind’s holistic approach and individual adjustment to each candidate has impressed NAV to the extent that it has been named “The Møller Method”.

It is important to highlight that despite its goal of creating positive social impact, Møller Medvind is a commercial company which aims to achieve a positive result by 2020. This is desirable for both the employees and the owners. Interestingly, Mari and Bjørn Erik believe the reputational returns and recognition from the project have already outweighed the high investments.

Despite a few occasions of candidates dropping out or being discharged after poor behaviour, the project has had overwhelmingly positive results:

• 40 individuals have participated in Møller Medvind and more than 15 are scheduled to join in the next 3-6 months.
• 11 candidates have been permanently employed in the company and many more are currently working towards this. Several candidates are expected to become employed in other companies.
• The initial goal of getting 60% of candidates through the first three months has been exceeded and is now at approximately 90%
• About 6000 cars will be produced next year
• Sick leave is at 3%, which is below the industry average
• The scope of services has been expanded to include repair of windows and coating
• There has been an increase of internal customers, and interest from several competitors
• There is a long waiting list of Møller Mobility Group employees seeking to become mentors
Identifying Next Steps

Møller Medvind has a promising outlook. It is planning to expand its training and mentor programmes to other Norwegian cities, as well as offer a wider range of services. It is also planning to extend its successful mentor programme across Aars, with the aim of facilitating learning exchange between its experienced and new workforce. In the future, Møller Medvind hopes to create a vocational training and inclusion center by expanding its facilities from the current floor it occupies to the entire 4-storey building. It has also invited the NAV team to relocate to their facilities, which would give them a more practical connection to and understanding of the project. Møller Medvind is constantly on the lookout for new opportunities to broaden its influence, including establishing partnerships with schools. The company is on track to achieve its goal, which is to become Norway’s largest platform for social inclusion.

“I now stand on my own feet without the support of NAV.”

After finishing high school at 18, Justine went unemployed for years. Initially she applied for various jobs, but no-one wanted to hire someone with her low level of experience. She explains that her unsuccessful job search eventually made her ‘give up a little’. She found a solution in her local NAV office, which referred her to Møller Medvind.

Justine now proudly stands on her own feet, without needing support from NAV. She enjoys being trusted with responsibility and having the freedom to plan her own days. After discovering her talent for photography, Møller Medvind created a photography studio where she could use and develop her skills. Her current tasks are to prepare and photograph cars.

“I felt at home from the moment I started, and am excited to go to work every day.”

Moshin was offered a permanent job shortly after starting his apprenticeship in Møller Medvind, and he smiles broadly when talking about his work. However, his journey to get there has not been easy.

His struggles started when he didn’t get a car mechanic apprenticeship after high school. He went unemployed for one year, after which he got hired as a store assistant. When the store closed down, he was again without a job. Through recruitment agencies he got several jobs for 6 or 12 month periods, but once permanent employment was brought up the employers closed their doors despite previous promises of a contract. After many years of this, he expressed his exasperation to NAV and they advised him to look into Møller Medvind.

Moshin says that he was met with a smile from day one at Møller Medvind and that he has never had such leaders and colleagues around him. He describes the work environment as a small family. Although his new experience has given him other job opportunities, he loves working at Møller and is planning to stay there for the foreseeable future.

“Our business priorities will contribute to a sustainable development. We wish to be able to contribute to the significant changes that we are facing, in a positive way, and make our fellow humans become our co-workers.”

- Mari Schage Førde
In 2015, the 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development defined by 17 new Sustainable Development Goals (SDGs). Designed in consultation with the public and private sector, the SDGs encompass infrastructural, economic, social and environmental dimensions. They place entrepreneurship centre-stage, presenting a historic opportunity for businesses to engage as a strong and positive influence on society.

As highlighted in our Polaris case studies, responsible business owners can provide an extraordinary boost in realizing the SDGs through innovation, investment and inclusive growth. The SDGs, in turn, can amplify the opportunity for family businesses to be successful by improving the enabling environment and by providing inspiration, direction and a platform for more effective partnerships.

The UN Sustainable Development Goals

End poverty in all its forms everywhere
End hunger, achieve food security & improved nutrition, & promote sustainable agriculture
Ensure healthy lives & promote well-being for all at all ages
Ensure inclusive & equitable quality education, & promote lifelong learning opportunities for all
Achieve gender equality & empower all women & girls
Ensure availability & sustainable management of water & sanitation for all
Ensure access to affordable, reliable, sustainable & modern energy for all
Promote sustained, inclusive & sustainable economic growth, full & productive employment & decent work for all
Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation
Reduce inequality within & among countries
Make cities & human settlements inclusive, safe, resilient & sustainable
Ensure sustainable consumption & production
End poverty in all its forms everywhere
End hunger, achieve food security & improved nutrition, & promote sustainable agriculture
Ensure healthy lives & promote well-being for all at all ages
Ensure inclusive & equitable quality education, & promote lifelong learning opportunities for all
Achieve gender equality & empower all women & girls
Ensure availability & sustainable management of water & sanitation for all
Ensure access to affordable, reliable, sustainable & modern energy for all
Promote sustained, inclusive & sustainable economic growth, full & productive employment & decent work for all
Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation
Reduce inequality within & among countries
Make cities & human settlements inclusive, safe, resilient & sustainable
Ensure sustainable consumption & production
Take urgent action to combat climate change & its impacts
Conserve & sustainably use the oceans, seas & marine resources for sustainable development
Protect, restore & promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt & reverse land degradation, & halt biodiversity loss
Promote peaceful & inclusive societies for sustainable development, provide access to justice for all, & build effective, accountable & inclusive institutions at all levels
Strengthen the means of implementation & revitalise the global partnership for sustainable development

Polaris – Redefining Success Across Generations
Redefining Business – Innovations that Shape the Future with Purpose

Learn from Nature’s model, establish new corporate structures, challenge the status quo and create a sustainable future for the generations to come. This last section explores some dynamic innovations that corporations, community groups and social enterprises are conceiving and commercializing to take sustainability aspiration into practice around the world.

Sucking Carbon from the Sky

Global warming and climate change have been part of the world’s vocabulary for the past two decades — but sadly this has not been truly addressed because of a lack of solutions to effectively remove the 2,000 gigatons of carbon dioxide already in the atmosphere today. Now, however, we are finally approaching the tipping point.

From planting more trees and restoring grasslands, to using sophisticated machines with fans to capture CO₂ from ambient air, or ramping up renewable energy and boosting energy efficiency, these actions are all aimed at one thing: To cap global temperature rise to 1.5°C, the limit scientists say is necessary to prevent the worst climate impacts. Because CO₂ removal has gone from being a moral hazard to a moral imperative. It’s not simply that we can use nature to help save the world—it’s that we must.

Some future-world solutions hold promise:

In Sweden, for example, scientists have succeeded in creating crystals that capture CO₂ much more efficiently than previously known materials — even in the presence of humidity. “In most cases, when there is competition between water and CO₂ water usually wins,” says Prof Osamu Terasaki of Stockholm University. “This material absorbs both, but the CO₂ update is enormous.” The new copper silicate crystal is called SGU-29, and is the result of international co-operation. In another breakthrough, an international team of scientists report that they have found a potentially permanent way to remove CO₂ emissions from the atmosphere — by injecting it into volcanic bedrock. Until now, it was thought that this process would take several hundreds or thousands of years — thereby making it an impractical option. But a recent joint study by an international consortium of universities and Reykjavik Energy reports that carbon injected into the volcanic bedrock underneath Iceland has been observed to form environmentally benign minerals in less than two years — an amazingly rapid rate of transformation.

Finally, a team of chemists have developed a technology to economically convert atmospheric CO₂ directly into highly valued carbon nanofibres for industrial and consumer products. Prof Stuart Licht of George Washington University in the USA reports that “such nanofibres are used to make strong carbon composites, such as those used in the Boeing 787 Dreamliner, as well as in high-end sports equipment, wind turbine blades and a host of other products.”

These breakthroughs have been called ‘diamonds from the sky’ — a reference to carbon being the material that diamonds are made of, but also a hint of the high value of these innovative solutions: the promise of fresh hope for a sustainable future.

Cleaning up Our Oceans, One Marina at a Time

When two Aussie surfers decided to quit their jobs and tackle one of the biggest environmental problems facing the modern world, they never dreamt their work would be treated like garbage.

Perth locals Pete Ceglinski and Andrew Turton were so sick of seeing rubbish floating around in the ocean, they decided to dedicate their lives to help fix it. "It struck us that if we have rubbish bins on the land, why can’t we put them in the water? So we did that."

The Seabin is basically a floating rubbish bin. "We have a submersible water pump at the bottom, we bring water in from the top, we pump it out the bottom, and in the middle we catch it with a filter." Inside the bin is a catch bag, which traps plastic, detergents, oil and other pollutants, allowing clean water to filter through its structure. The catch bag only needs to be emptied once a month.

The Seabin’s ability to capture marine litter at a rate of 3.9 kg per day is astonishing. Put another way, each Seabin has the capability to catch 90,000 plastics bags, 35,700 disposable cups, 16,500 plastic bottles or 166,500 plastic utensils a year. Seabin’s global network currently comprises 719 units, and contributes to the removal of about 2000 kg of waste each day. But the real impact could come from the community, data and educational programmes built around the system.

To date, Ceglinski and Turton have raised $267,000 in an Indiegogo campaign to help build the device, and recently signed a contract with French company Poralu Marine for them to take over manufacturing. Prototypes are currently in testing, and the first production models will be installed by the end of 2019.


A Wind Turbine that Blows Away the Status Quo

Sustainability has taken a new turn with O-Wind, an omni-directional, single-axis wind turbine designed to serve apartment buildings facing chaotic winds in urban environments. The O-Wind harnesses the power of horizontal and vertical winds without requiring human intervention or steering, enabling apartment block residents to sustainably generate electricity.

Unlike currently available wind turbines, the O-Wind’s innovative single-axis design and compact size and shape means it requires less maintenance, and can be placed in many more locations (on top of high-rise apartments, for instance) compared to traditional wind turbines which require more space.

Invented by Yaseen Noorani and Nicolas Orellana – two students from Lancaster University in the UK – the structure of the turbine is lined with vents that have large entrances and smaller exits for air. In the presence of wind, there is a pressure difference between the two terminals and this causes the turbine to move. The vents are placed all across the sphere, making it receptive to wind from all directions. This turbine rotation is used to power a generator that can produce electricity. It also has the capability of feeding into the national grid, providing financial incentive to users.

There is a growing need to create sustainable energy, and an untapped resource: the wind in cities. The O-Wind promises to take urban energy harvesting to a whole new level.

Source: www.springwise.com/single-axis-wind-turbine-generates-energy-for-apartment-blocks/
Scaling Back: Plastic That Bio-degrades

Plastic is amazingly durable. Growing up, Lucy Hughes was struck by the fact that the material was being used with products that have a life cycle of less than a day. “It made no sense at all to me.” So the 23-year old undergraduate in industrial design from the University of Sussex tackled the dual problems of environmentally harmful single-use plastics and inefficient waste streams by harnessing fish offcuts to create an eco-friendly plastic alternative.

Her solution? A biodegradable and compostable material called MarinaTex, which can break down in a soil environment in four to six weeks and be disposed of through home food waste collections. Hughes used red algae to bind proteins extracted from fish skins and scales, creating strong overlapping bonds in a translucent and flexible sheet material that looks and feels like plastic, but is stronger, safer and much more sustainable than its oil-based counterpart.

According to research sponsored in part by www.sciencemag.org, 5 to 12 million metric tonnes of plastic waste enters the oceans each year. About 500,000 tonnes of fish waste (unwanted offcuts including offal, blood, crustacean and shellfish exoskeletons, fish skin and scales) are produced by the fish processing industry every year in the UK alone – all of which is usually earmarked for landfills or incineration. Hughes’ research reveals that a single Atlantic cod could generate the organic waste needed for 1,400 bags of MarinaTex.

“I’m trying to incorporate sustainable, local and circular values into design. As creators, we should not limit ourselves to designing to just form and function – but rather form, function and footprint.”

Source: www.theguardian.com/world/2019/sep/19/scaling-back-graduate-invents-plastic-alternative-from-fish-waste
Polaris is a global movement of business families focussed on maximising economic and social impact, while safeguarding the environment we all share. We enable learning, innovation and co-creation to redefine success across generations.
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About The Family Business Network

The Family Business Network is the world’s leading family business organisation. ‘By family businesses’ and ‘for family businesses’, FBN is a safe, shared-learning space for enterprising families to flourish across generations, through the exchange of excellent, innovative and impactful practices.

Founded in 1989, it is headquartered in Lausanne, Switzerland. A vibrant community, it brings together over 4,000 business families – 17,000 individual members including 6,400 Next-Generation members – in 33 Chapters covering 65 countries. FBN organises annually 750 activities in its Chapters, internationally, regionally and locally.

Polaris is a global movement of business families focused on maximising economic and social impact, while safeguarding the environment we all share. We enable learning, innovation and co-creation to redefine success across generations.

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