

# FAMILY





Trust in business is at an all time.....

**LOW**

CONSUMERS THINK BUSINESSES ARE...

All the same

Greedy

Untrustworthy

Short term

Only interested in money



However, these corporations have been glamorised by Hollywood and the likes of the FT.

As you know, there are other types of business...



#### BOOK REVIEW HARDBALL

### Gordon Gekko may be back in fashion

This crude counsel to be ruthless and crush your competitors is simplistic and borders on the unethical, says Stefan Stern

Readers of the Harvard Business Review can track the pendulum of management fashion by flicking through back issues. It was not so long ago (September 2000) that HBR published "Why should anyone be led by you?" by Rob Goffee and Gareth Jones.

Leaders should let their weaknesses be known," the authors wrote. "By exposing a measure of vulnerability, they make themselves approachable and show themselves to be human."

Perhaps that all sounds a bit idealistic now. In April, HBR published an article on "Five killer strategies for

troubling the competition", an approach labelled "hardball" by the authors, George Stalk, whose *Competing Against Time* is a minor classic, and Rob Lachauer.

Now *Hardball: Are you planning to play or planning to lose?* develops the ideas further. Five strategies have become six, and a book hurried out. The authors are both seasoned Boston Consulting Group executives, although Lachauer is now CEO of his own car engine technology company.

The writers say "the winners in business have always played hardball". Successful businesses are unflinching in their pursuit of profit and market share. They enjoy competition and enjoy winning over more.

Milton Friedman is quoted early on as a key witness. The only social responsibility of business, Stalk and Lachauer argue, is to be successful "within the rules of the game", which means competing in "open and free competition without deception or fraud".

The six killer strategies have a suitably menacing ring. They are: "unleash massive and overwhelming force"; "exploit alliances"; "threaten your competitor's profit sanctuaries"; "take it and make it your own"; "retire your competitor into retreat" (forced down from the leader, drive up your competitors' costs); and "break compromises".

These strategies are supported by case studies of, and commentary on, classic hardball players: Dell, Southwest Airlines, Wal-Mart, Britney.

So far, so conventional. It is tough out there, and to believe otherwise is to delude oneself. Squeamish readers may find this celebration of market supremacy reminiscent of the right-mare corporation in Mel Brooks's 1976 film *Silent Movie*, which was called *Engulf and Devour* ("our hands are in everything").

The more time spent considering Stalk and Lachauer's ideas, however, the more troubling they become. The authors seem unaware of the contradictions in their message.

"Hardball is not about extreme executive behaviour, playing outside the lines of legality, or even about being mean," they say. But in the very next sentence they add: "It is about creating discomfort for others and tolerating it in your self."

Stalk and Lachauer say corporate leaders need to draw a "bright line" in the "golden zone" – the legal and moral grey area which is "so rich in possibility". A leader knows "where the bright line is, lets everybody know when they're getting close to it, and takes corrective action as soon as anyone steps over it".

In other words, companies should constantly explore the limits of what is morally and legally possible. In the knowledge that colleagues will regularly overstep the mark.

Reading on, the unmistakable echo of a familiar voice from the past is ever louder. Of the hardball approach, Stalk and Lachauer say: "It is efficient. It cleanses

the market. It makes all companies stronger and more vital."

Could it be, surely that isn't... It is Gordon Gekko, the anti-hero of Oliver Stone's film *Wall Street*, told us in 1987 that greed cleanses out through, and captures the essence of the revolutionary spirit.

Our authors are on a brutal, macho trip and speak with the self-assurance of the highly paid consultant. You need a China strategy, they say. Fair enough. "Whatever China card you decide to play, remember that the real hand is already being dealt. It's called India."

Yes, competition demands tough decision-making, aggressive management of costs, speed of execution, boldness of strategy. No, business is not always nice. But the amoral world of *Hardball* is a dead end.

Not all the case studies even bear out the authors' thesis. Is Toyota, in those terms, really a "hardball" player? Patience and gradual, arched progress do not sound very much like hardball qualities.

The exuberance of the introductory chapter ("the hardball manifesto") is not always borne out by the examples the authors provide.

It is a mark of the failure of the proposition of corporate social responsibility that a book like this can still be written. The authors warn their readers to watch out for any actions that might "hit a nerve with special interest groups in a way that might damage the company".

Stalk and Lachauer say they are offering strategies for "amorphous winners". But those are not strategies that will suit all businesses. This is not a minor: this will inspire every organisation. It is as likely to destroy as to create lasting value.

But then, it depends what you mean by "destroy". As Gordon Gekko also said: "I am not a destroyer of companies. I am a liberator of them!"





Most media and corporate rhetoric is focused on the public corporation

But family businesses are very different

And they face very different challenges, and have different sources of competitive advantage



## ADVANTAGES

- Can plan and invest for the long term
- Heritage
- Authenticity
- Flexibility and speed
- Trust
- Emotion/Passion

## CHALLENGES

- Balancing personalities and conflicting views
- Talent attraction/retention
- Lack of external perspective
- Can be conservative and resistant to change
- Generational shifts
- Emotion/Passion



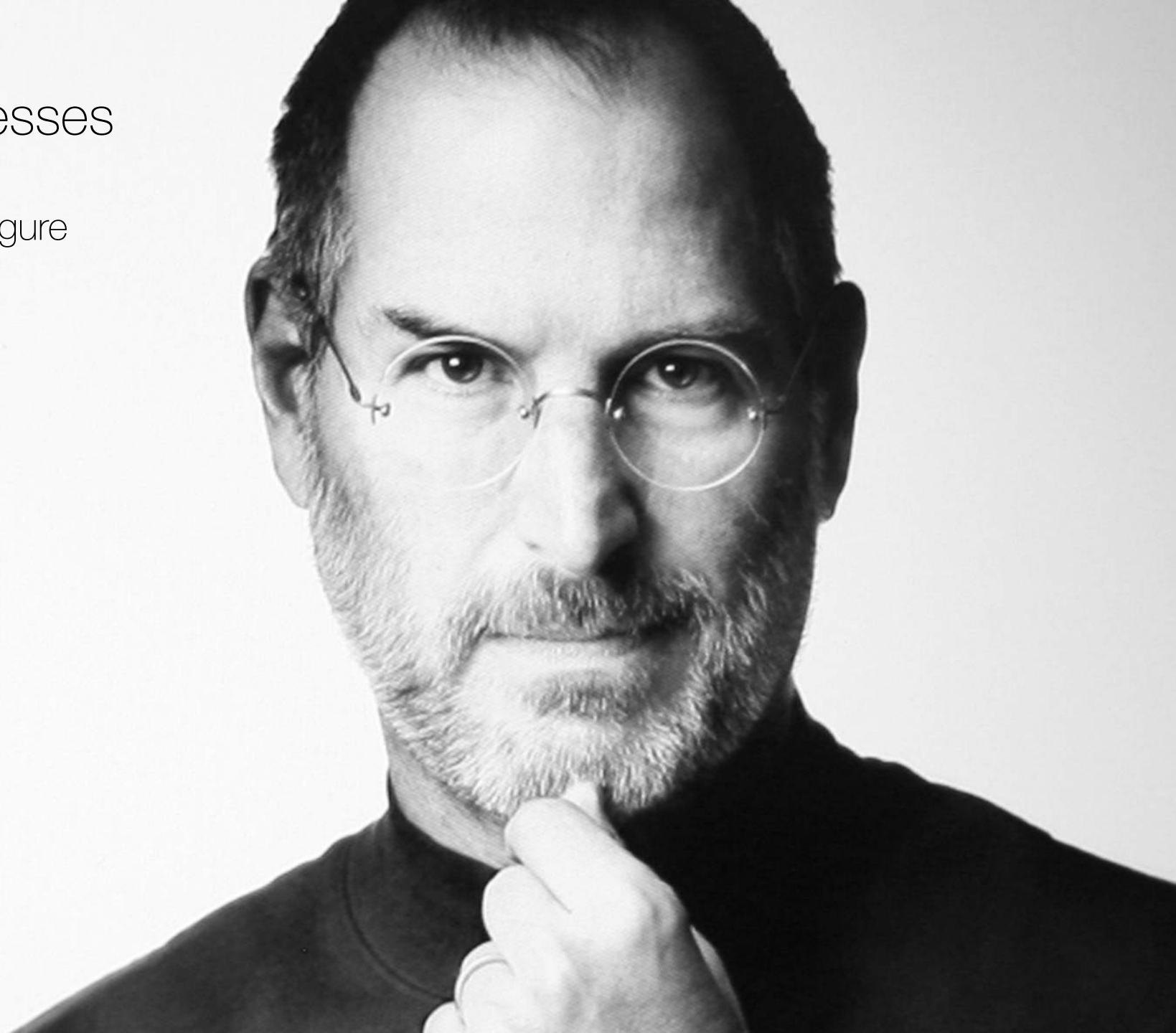


Family businesses are more personal



TRUST is personal.  
We trust PEOPLE not businesses

There has been a rise in the company figure  
head who we trust over the brand





HERE  
today  
GONE  
tomorrow

The average length of  
a fortune 500 CEO is  
4.6 years





TRUST has crashed



And this presents an opportunity for family businesses



Family business can be  
more authentic

That's the holy grail







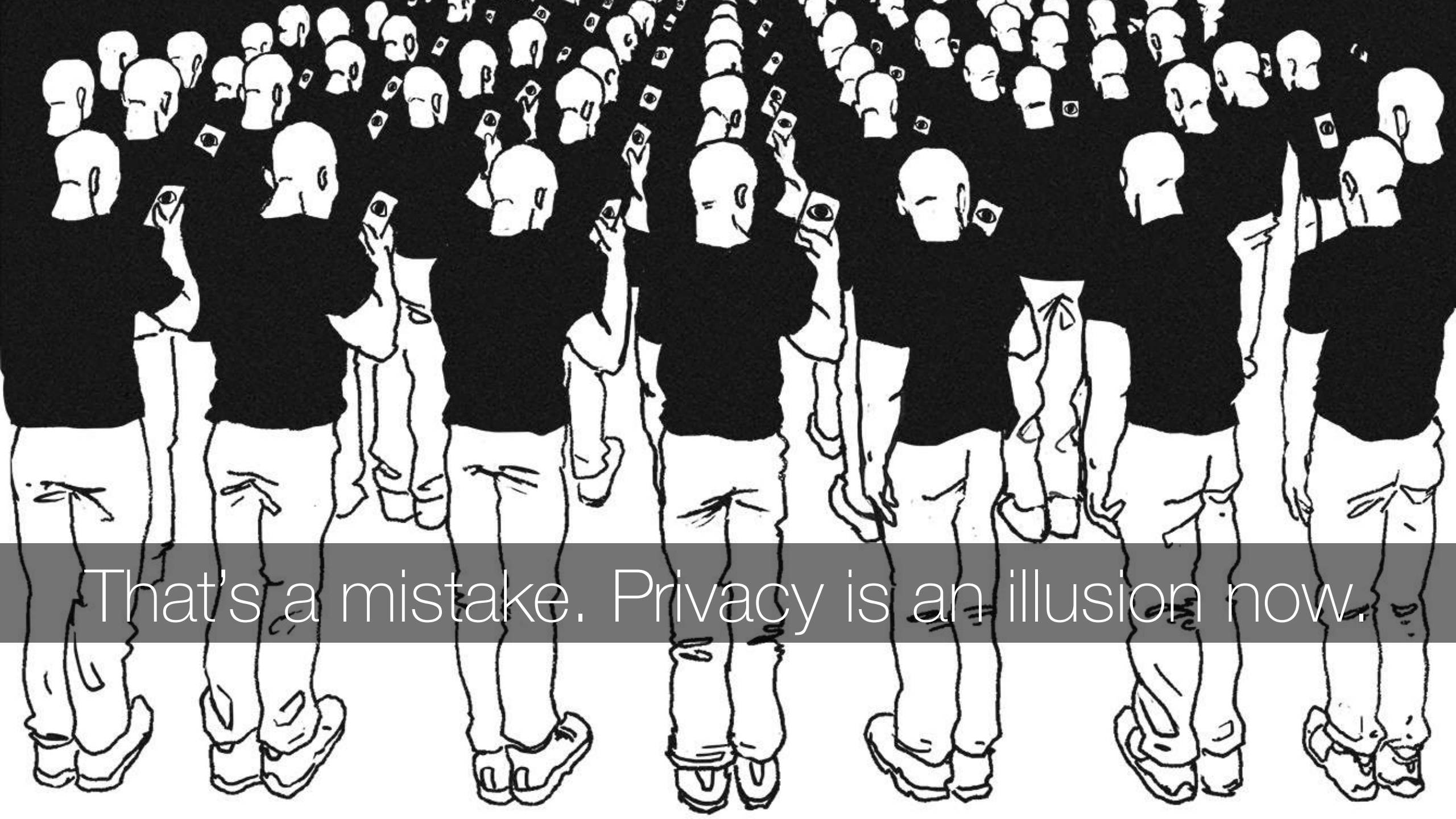


Many family businesses,  
particularly with older  
generations in charge see all  
the benefits of being private  
(secret) and none of the  
benefits of being 'out there'

So they hide.







That's a mistake. Privacy is an illusion now.



Missing out on the opportunity to build trust (which is intangible). But also missing out on the opportunity to build serious brand value.

Look at Unilever. A company that has been active in this space. Up to 30% of its book value is attributable to its reputation.



A photograph of Leonardo DiCaprio on a yacht, wearing a white polo shirt, sunglasses, and a gold watch. He is smiling and has his fists clenched in a playful manner. The background shows a harbor with many sailboats and a city skyline. A semi-transparent dark bar is at the top of the image.

REMEMBER ME?

Greedy  
Untrustworthy  
Short term  
Only interested in money



An illustration of a desk setup. At the top left is a brown coffee cup with an orange handle. To its right is a white tablet with a blue screen. Below the tablet is a white smartphone with a blue screen. On the left side is a dark blue notebook with a pink spine. In the center, a hand holds a clipboard with a white sheet of paper. The paper has the title 'TO DO THAT YOU NEED THREE THINGS:' and a list of three items. A yellow pencil is shown writing on the paper. The background is a light green surface.

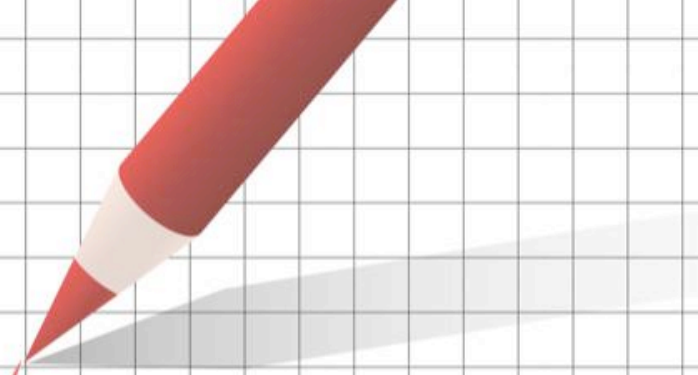
## TO DO THAT YOU NEED THREE THINGS:

1. A clear vision, purpose and values
2. Evidence of intent and activity
3. Visible leadership



The 50 fastest growing brands have a higher-order purpose. Investment in these over the past decade would have been 400% more profitable than the S&P 500

Purpose can also help attract and retain talent, reducing staff turnover by up to 50%





Vision and purpose can come from the past, if you can find inspiration

Or it can come from the next generation – after all its going to be their inheritance

1/0/00

## THE COMPANY'S OBJECTIVE

The Company's objective is the manufacture and distribution of food products in such manner as to promote a mutuality of service and benefits among:-

CONSUMERS

DISTRIBUTORS

COMPETITORS

OUR DIRECT SUPPLIERS OF GOODS AND SERVICES

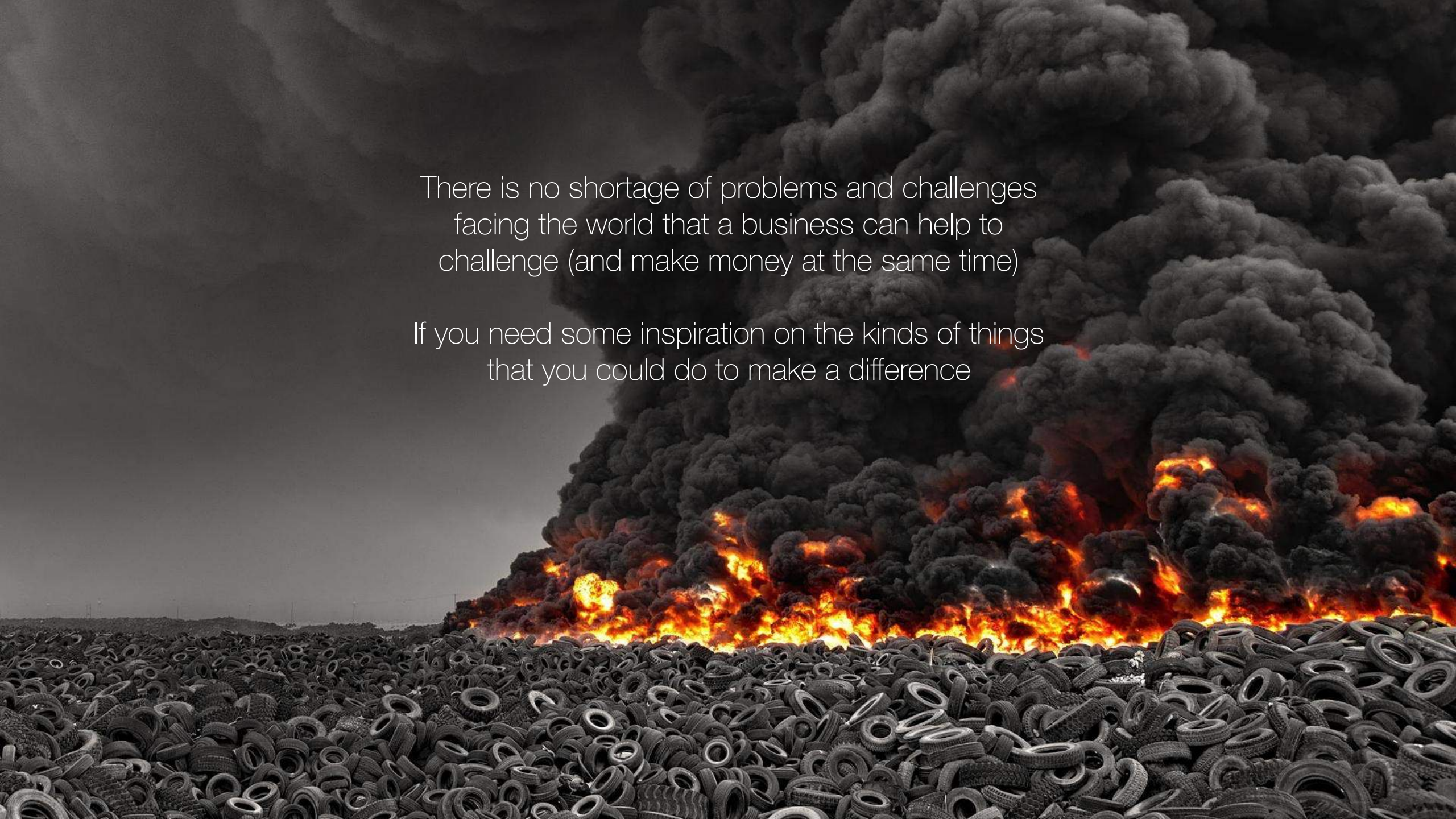
GOVERNMENTAL BODIES

ALL EMPLOYEES OF THE COMPANY  
AND  
ITS SHAREHOLDERS

This expresses the total purpose for which the Company exists - nothing less - and it is expected that the Board of Directors, all Management and employees of the Company, will be motivated by this basic objective, and will keep it constantly in mind as the guiding principle in all their work for the Company.

28th July 1947.  
FHS/nc.



A large-scale photograph showing a massive fire consuming a vast field of discarded tires. The foreground is filled with a dense, chaotic layer of black tires. In the middle ground, a bright, intense fire is burning through the tires, with large plumes of thick, black smoke rising into the sky. The smoke is dense and billowing, filling the upper right portion of the frame. The sky is a dark, overcast grey. The overall scene conveys a sense of environmental destruction and a significant problem.

There is no shortage of problems and challenges  
facing the world that a business can help to  
challenge (and make money at the same time)

If you need some inspiration on the kinds of things  
that you could do to make a difference

# WE THE PEOPLE



**THE GLOBAL GOALS**  
For Sustainable Development



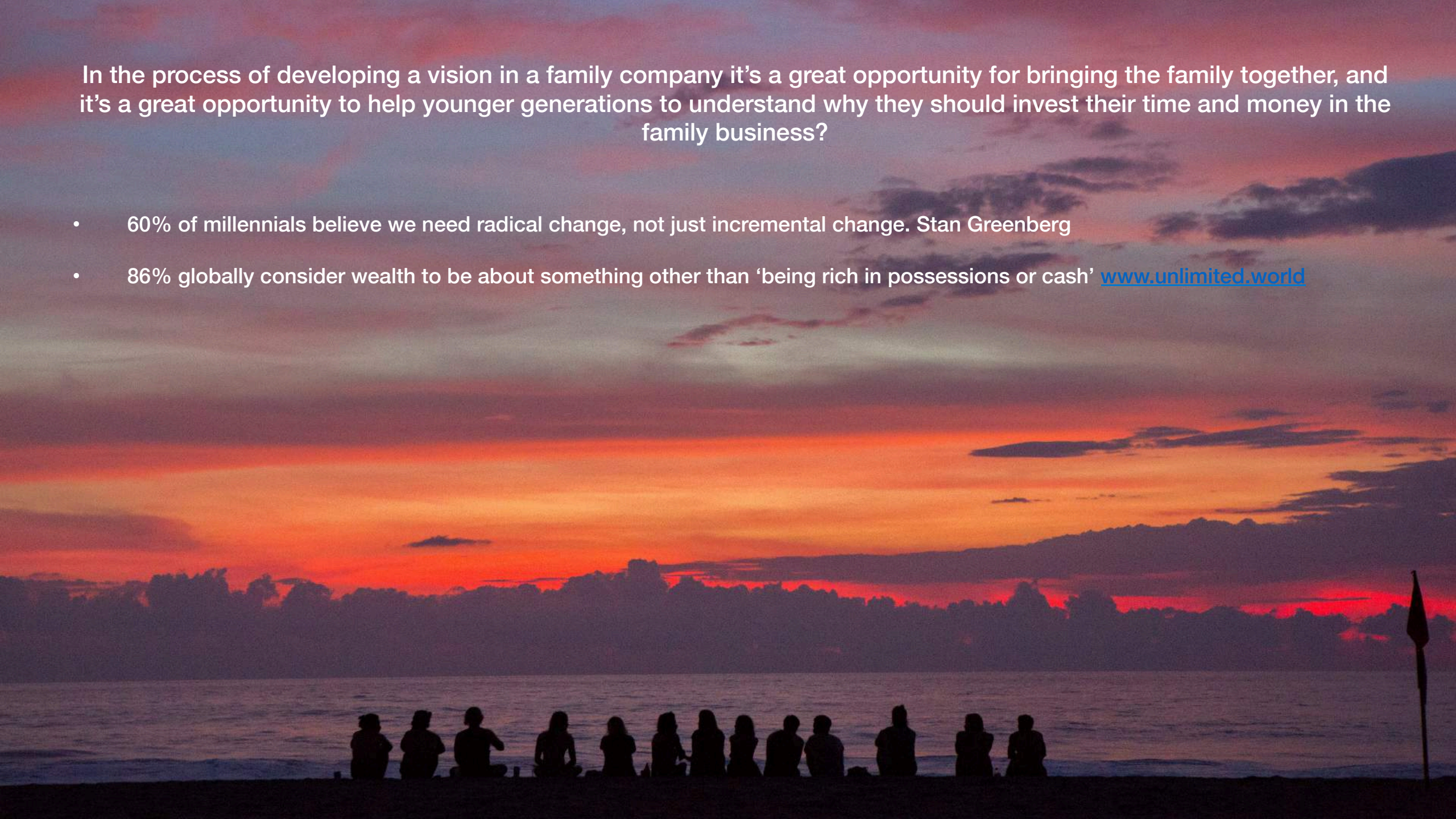
The worlds biggest problems, are also  
the worlds biggest business  
opportunities.





In the process of developing a vision in a family company it's a great opportunity for bringing the family together, and it's a great opportunity to help younger generations to understand why they should invest their time and money in the family business?

- 60% of millennials believe we need radical change, not just incremental change. Stan Greenberg
- 86% globally consider wealth to be about something other than 'being rich in possessions or cash' [www.unlimited.world](http://www.unlimited.world)







## OUR PRINCIPLES IN ACTION

The Mars Five Principles of Quality, Responsibility, Mutuality, Efficiency and Freedom are the foundation of our culture and our approach to business.

**They unite us across geographies, languages, cultures and generations.**

Our Five Principles are synonymous with Mars and have been guiding Mars Associates throughout most of our company's history. Every day, we do our best to put our principles into action through our work and our relationships with our consumers, customers, business partners, communities and one another.





That can be in terms of how the business has a positive impact on the world directly





# **INVENT BETTER**

NIKE, INC. FY12-13

## **SUSTAINABLE BUSINESS PERFORMANCE**



**WE HAVE A  
SITUATION**

**ON OUR HANDS**



But also in terms of generosity of spirit

Get involved, don't just stand there on your own





**BLUE MARINE FOUNDATION**




**COMIC  
RELIEF**





**CHIME**  
FOR CHANGE  
FOUNDED BY GUCCI





“The first generation of a company’s management defined **WHAT** the business was; the second is tasked with working out **HOW** to do it better; and the third big question left for the third and successive generations is **WHY** they do it.”

*Lord Gould (1950 – 2011)*

Why do you do what you do?  
That’s your challenge, and your opportunity to make the world a better place

# FAMILY

