

Young family business members visit an Anglo-Swiss family business

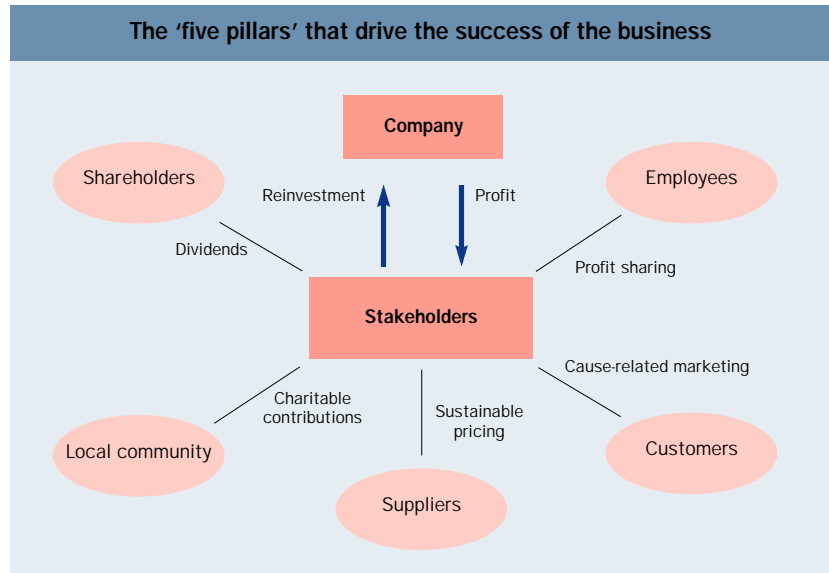
OPENING THEIR DOORS to a group of young UK, Dutch and Swedish family business members in November Bettys & Taylors of Harrogate shared their formula for success. During the one-day visit, moderated by Professor Randel Carlock (INSEAD), they revealed how the owners had made some radical changes in order to ensure long-term success and sustainability for the family and their enterprise.

Established in the early 20th century the company, which grew significantly in the 1960s following the merger of two local family businesses, represents the coming together of old-fashioned Swiss and Yorkshire values. The present day Bettys & Taylors business is a successful producer and retailer of tea, coffee and fine foods that has built a solid family enterprise on its own 'stakeholder' business model delivering solid progress and results. The company prides itself in being different and for their unbending attention to quality. It has kept its brands at the forefront of its respective markets in the premium tea and coffee sector. Bettys also run the eponymous tearooms that are a destination of choice for residents and visitors to the market towns of Yorkshire seeking the best in local food and hospitality.

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The 'five pillars' of success

Apart from meeting the highly motivated staff and workforce at the Harrogate bakery and sampling the outstanding quality of the wide range of fine foods, coffees and teas the young business owners had a glimpse at the philosophy of the Wild family, the owners of the business. The current Chairman and third generation family member, Jonathan Wild, described the stakeholder model that forms the basis for their business. Five key pillars support the company: its customers, suppliers, employees, their local community and the shareholders. Through a strong and



dynamic relationship with each of the five stakeholder groups the company is able to prosper and develop. The company itself is the focal point in the structure and any profits are reinvested into the future success and development of the business. The motors that drive the success of the business are the five pillars and each is carefully fostered to build loyalty and commitment at each level (see diagram, above). Benefits flow to each of the stakeholders: product satisfaction for consumers; profit sharing with employees; contributions to charities in the local community; sustainable pricing for suppliers and dividends for shareholders.

Values

The success of the company is underpinned by the family values that have become ingrained in the way Bettys & Taylors operate. Values such as the commitment to quality, long-term approach to investment decisions and fair treatment of employees and suppliers permeate throughout the company. An example of this is evident in the marketing department where a consistent approach means that promotions do not change every time a new marketing manager takes over. At the factory level, shift hours in the bakery are designed to be family friendly. Suppliers in the third world are offered fair pay

to ensure they are not pressurised into making their youth work rather than attend school.

The financial strategy is conservative so the company is able to take advantage of investment opportunities without lenders dictating terms but at the same time recognising that shareholder exits may have to be funded. The firm bases its success on the pursuit of policies that are straightforward and common sense. It believes the business has social responsibilities which, if fulfilled, will contribute to its commercial success. There is clearly self-interest in meeting these obligations towards the stakeholders, and the family and employees can draw satisfaction from seeing a job well done.

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Rough waters

It hasn't all been plain sailing. Bettys & Taylors have had to find their own path to enable the family to co-exist harmoniously with the business. In the 1990s

the family were unsure of the best way to handle the transition from second to third generation. They knew the success of the business and maintenance of trust in the family were at stake and could be destabilised at this critical juncture. The family called on outside resources to help them work through the issues. Another member of The Family Business Network introduced the Wild's to a course at a leading business school. Members of the family attended this programme and learnt how other successful family businesses had addressed questions such as managing succession, building enlightened ownership, and creating governance and structures.

Strengthened by this experience Bettys & Taylors not only introduced a family constitution but also were able to manage an orderly hand over of responsibility into the third generation. Preserving their constitution and making sure it continues to reflect the wishes of the family (young generation members included) has become a priority. Another outcome of implementing the constitution has been a focus on communications – the family meet regularly throughout the year to discuss important family and business issues. Once the family had made the decision to move from an informal approach towards a structured framework, the younger generation were able to see a more secure future in the business and a closer relationship developed between the family and the business.

There is no pressure on young family members to work in the business but they feel a pride in continuing to support the company while pursuing alternative chosen careers. The absence of clarity, prior to the family constitution, had led to uncertainty, limited interest in the business and alienation of the family.

Evidence of success

Displayed proudly in the firm's entrance lobby are some of the many accolades that have been won by Bettys & Taylors in recent years. The prizes include Top 10 ranking in the Sunday Times Best Company to Work for Awards for four years in a row and winner of the 2003 JPMorgan Family Business Honour for Social Responsibility. The other striking visual feature of the premises is the number of pictures of people on the walls. Jonathan Wild, Chairman, commented: "People are the core value of the company and are the bedrock of our success." The images on the walls serve as a record of the contributions



The group of young business owners are given an insight into the success of Bettys & Taylors.

of past and present employees and family members as well as a constant reminder of the unique roles these people have played.

By the end of the visit, it was clear to all the young business owners that Bettys & Taylors was an organisation which was '100% family-driven'. The pride and enthusiasm of the employees who work as close-knit units give the impetus that supports the company. Employee motivation is high and there is respect for the company's leaders, including the family. Good

communications are a core value and are practised with new ideas filtering from every level. The young visitors couldn't fail to notice the total passion for quality in the business. While some commented that Bettys might have a "soft approach to marketing" it is obvious they have a formula for success – and it works ■

Grant Gordon is Director General for the Institute for Family Business (UK).

IFB Next Generation Forum

The Institute for Family Business (UK) formed the NxG Forum as a network for young family business members to share experiences and increase their knowledge regarding the unique issues that are encountered within the family business context. The forum addresses topics that are of particular interest and relevance to next generation family members either active in the family business or pursuing other careers.

NxG Forum activities include:

- Networking events with guest speakers
- Training and education focusing on family business issues
- UK and International company visits

The next meeting of the NxG Forum is being held in London on 20 May with guest speaker Dr Kelin Gersick on the subject Transitions Viewed from the Next Generation Perspective. The meeting also features two live presentations by young family members.

To attend this programme or obtain further details on the NxG Forum please telephone +44 (0)870 872 8388 or visit www.ifb.org.uk