

INDUSTRY ARTICLE

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Daughters and sons

Blood is thicker than water – and thicker than the ink on any employment contract anyway. For this reason alone, family businesses are something very special. Management consultant Moritz Weissman is aware that management transitions from one generation to the next has its potential and dangers.

Always good: consultants who know what they're talking about. Ideally, they also bring with them their own experience in the field – enabling them to offer good advice for good money a lot of the time. And that's what Moritz Weissman does, who is managing partner of Weissman und Cie., a strategy and organisation consultancy in Nuremberg, Germany. He took over management of the consulting firm from his father, Arnold Weissman, a few years ago so he knows the challenges of succession within a family business first-hand.

His own family business has been specialising in consulting for family businesses for over 30 years. Weissman and Cie. have implemented over 2,800 projects in total and their clients include a large number of companies from the beverage industry, including BarthHaas, Brauerei Gebr. Maisel and Stieglbrauerei zu Salzburg.

Mr Weissman, was it clear to you from the beginning that you wanted to join the family business?

I originally planned my career in a different direction. I was working with a start-up company and also had an offer for a position as a board assistant in the USA. Nevertheless, I was always close to our company; I worked here as a student temp and as an intern during university. And I always found our clientele quite exciting.

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I finally joined Weissman & Cie. properly in 2012, when the departure of our former externally-hired managing director gave me the opportunity to step in and support my father. After two or three years, it became clear to me that what we do is very interesting, but that I wanted to do things a little differently in the future. So, I approached my father and told him that I'm happy to do it, but in my own way.

How did your father take it?

Good question. You'll have to ask him. But, joking aside, he was always extremely positive and supportive, and I think the idea of his life's work continuing makes him very happy. Of course, there are sometimes differences of opinion, but here, too, working together goes very well.

Generally speaking, what are frequent sticking points when it comes to transitions, things that create conflict across generations and make transitions stumble?

The biggest problems arise when someone 'stumbles' into their succession, i.e. when the succession is not actively discussed or planned. Either because it has been underestimated or because it's not something that someone wants to deal with. As a result, essential questions don't get clarified – for example, what does the older generation actually expect from the younger generation, when does the older generation plan to leave the company for good and let go of control, how are non-active siblings included or compensated for in order to avoid jealousy, and so on. But, if these are dealt with in advance, they are relatively easy to clarify. If the succession has already advanced too far, however, those questions often lead to very muddled situations.

Does the size of the family business have a decisive role in finding a successor? For example, is it easier in small companies to find a successor within the family?

Yes and no. In a small company, you have to actively participate as a successor. This means that you have to prove your worth every day. You must be worth your salary.

In a larger company, you might be able to afford to pay a management team to do the work for you. In a larger company, you also often have higher requirements: they might be international and have complex markets. This tends to make it less likely that you're the right successor. And I must say, unfortunately, that the greater the worth of the company being passed on, the greater potential there is for conflicts. Unfortunately, the more there is to distribute and the happier all those involved could become, the more difficult it often is. This is a phenomenon we see a lot.

How often in your consultations do you come across the older generation not agreeing with the next generation?

They usually agree in the first instance, so that's relatively rare. However, it is possible for there to be shifts over the years. The younger generation taking over a company don't ask themselves enough questions at the beginning about why they actually want to run the business. If they have the wrong motives, such as merely seeking a good salary, this can lead to friction later on. It is actually our job to ask the parties precisely these critical questions. Here on the podium at BrauBeviale 2019 with Niklas Zötler (editor's note: managing director of Privat-Brauerei Zötler) and the other successors, we have seen great examples of transitions to the next generation. With Niklas, whom I have known for a very long time now, you always have the feeling that he wants to do this and that he puts his heart and soul into it. And then with others, you have the feeling that they are more like outsiders in their own companies.

How do you moderate things in cases like this? What does your work involve specifically? Let's imagine that I am 63, I have a daughter and I would like to hand over my business to her in two years' time. I call you – what happens next?

We always start by evaluating and taking stock, and then we work our way through a methodology that we've refined over the years – kind of like a checklist, so to speak. This includes (a) a plan for the daughter entering the company – for example, when should she join the company, in what role, what skills/training does she need, is she professionally/personally suitable; (b) an exit plan for you, the older generation – which tasks in the company need to be handed over, is your retirement provision secured if you're no

longer working, when do you actually want to leave the company; (c) drawing up a family constitution – how do we balance making the company perform as best as possible while keeping harmony within the family; and various other topics as well. We work on these points together with the family in a series of workshops, and of course we also give recommendations on actions and which topics have stood the test in other families.

Are there different goals for family businesses than for non-family businesses?

They tend to think much more long-term. And the family has its own influence – on the company and often on the entire region. For example, we have a customer in the Black Forest, where it is extremely difficult to find employees. But the family says quite clearly that they will keep the company in that location because they have a responsibility there. This means that they consciously accept that, in taking on this responsibility, they will make less profit or perhaps have a harder time. These are special things that you can only do if you own the company.

In your panel discussion at BrauBeviale 2019, you talked about finishing work and switching off. Is it harder to separate work from your private life when you work in your own family business?

In principle, yes, because you know the pressure first-hand when you're your own employer. Sure, you have a team that takes care of things. But if things don't work out, it's you that's responsible at the end of the day. But I honestly have to say that there is nothing quite like it. As a board member of a DAX-listed company, you're probably going to sleep badly from time to time. I think you shouldn't resort to too many clichés, but it is certainly the case with most of us that we take our work home with us sometimes.

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