

“Philanthropy can be seen as an opportunity to change the connection between families and their businesses.”

Supporting local entrepreneurs, women’s rights, prevention of violence, or helping underprivileged youth...

Six family entrepreneurs speak about their philanthropic commitment. Apart from the diverse initiatives that they support, they share their motivations and the benefits they and their companies have gained from these experiences.

Philanthropists speak out

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Six family entrepreneurs  
speak about their commitment

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\* Prénoms fictifs afin de préserver l'anonymat des témoins.



## FOREWORD

Philippe Depoorter,

head of Philanthropy Advisory Services

Families and family businesses have always been a focal point of our approach to private banking. As bankers, we accompany them at every stage of their lives with regard to wealth planning, and increasingly, we are called upon to advise on projects outside of the financial context. For a number of years, we have witnessed a growing interest in philanthropy, an activity that expresses solidarity, enriches family relations, and contributes to a legacy of values.

Based on our experience, we have observed that a family unit, just like the family business that stems from it, seems to be an extremely fertile ground for the development of philanthropic projects. These facts are confirmed by Professor Joachim Schwass, who kindly wrote the introduction to this anthology.

Some of our entrepreneurial clients have already engaged in philanthropic work as a family; others are still pondering the idea or how to get more involved. Through this collection of personal stories, we wish to contribute to the discussion and perhaps inspire others.

The idea for this volume came from our collaborative work with Etienne Eichenberger and Maurice Machenbaum, co-founders of wise (Geneva, Switzerland). As advisors to many families, they have also initiated numerous philanthropic projects at our bank. Our gratefulness is commensurate with the trust we place in them.

## INTRODUCTION

**Professor Joachim Schwass,**  
Director, “Leading the Family Business”  
IMD (Lausanne)



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amily businesses and philanthropy share a natural affinity: wanting the world to be a better place to live in. Whilst philanthropy makes this its central and explicit mission, for family businesses it is often a more implicit foundation of its business model. Families owning and managing businesses tend to have a very long term view: their objectives are to build businesses for the benefits of their descendants. They want their children and the children of their children to continue to benefit from a successful business. This vision is driven by a sense of humility, sharing, level-headed planning and, quite simply, attempting to “do the right thing”. The personal values of a family in business thus find their way into businesses which succeed, not because of short-term profit maximization goals, but because of a greater sense of sustainably embedding a business within a community from which it “takes” but also “gives” in return.

This value exchange – taking and giving – begins with the founder. A new business creates employment. New and different products and services are offered to the market, and taxes paid by the business benefit the community. Over time, the wealth created can lead to important philanthropic activities. History counts a large number of examples of socially responsible entrepreneurs: from the French shoe manufacturer, Bata, who in the

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first half of the 20<sup>th</sup> century built entirely new towns, onto the founders of the Zegna clothing manufacturer who constructed roads and hospitals in a poor part of Northern Italy. Today’s entrepreneurs often tend to be more discrete in their giving, especially so in European countries. But they are increasingly discovering that applied philanthropy has an additional “internal” benefit, that of transmitting the importance and meaning of values to the next generation.

Growing up in a home of wealthy entrepreneurs and business-owning families often exposes a next generation to matters of great financial value, which may appear disconnected from the harsh reality faced by millions of less privileged people in the world. A growing number of family businesses perceive philanthropy not only as a natural expression of their own family values – by giving back to society, the “external” benefit – but as a very powerful vehicle that allows a younger generation to experience and understand the necessity and importance to

reach out to the less fortunate. Many heirs have discovered a new personal meaning of life after experiencing the difference which, for example, micro-credits can make. Philanthropy can thus become an entrepreneurial venture in its own right: from learning to implementing. This is the additional “internal” benefit families are increasingly discovering.

Philanthropy is sometimes also seen as an opportunity to link families to their businesses on a different level. Stakeholders thus discover a family which responsibly cares for the community within which their business is located. Both business and family can benefit from this.

Family businesses and philanthropy have a long shared history in many parts of the world. As public institutions and governments find it increasingly difficult to provide funding for people in need, businesses have an increasing responsibility to help out. For family businesses this comes naturally.



“As entrepreneurs, we have the responsibility to work towards a fairer society.”



**Laure**, second generation and active in the family business. She leads the foundation in which her parents, her brothers and their spouses are personally involved, independently from the philanthropic policy of the family business.



Laure and her two brothers are very attached to the company that their father Matteo founded twenty years ago. As a young immigrant from Italy who arrived in France in the 1960s, he studied in Alsace before working in the conversion of old buildings owned by the steel industry. His company was quickly successful and has since built up a large property portfolio.

Four years ago, his three children joined the family business; at the time he started developing formal governance rules, such as the creation of a family council. Laure, a qualified lawyer, is in charge of the family company advisory services. Like her brothers, she wants her family to remain the sole shareholder and that the business remains independent as long as possible. This is the only way to maintain the long-term vision and the successful values of patience and trust.

Laure's enthusiasm has been spurred even more recently since her parents asked her to direct a project that they were always passionate about: to give to others the same opportunities that their host/adopted country gave them, by sharing part of what they have received. Indeed, France helped them to settle down with the help of welfare benefits, and enabled Matteo – the son of a shoemaker – to complete his studies thanks to a scholarship.



“We and our spouses thought about the strengths of our family, what kept us together, and what was meaningful to us all.”



Matteo and his wife wanted to express their gratitude by endowing their family business with a responsible and active philanthropic policy, for example by supporting the renovation of run-down neighbourhoods or by helping the few craftsmen involved in the restoration of French cultural property. They also wanted to invest personally, together with their family. Their children agreed immediately and Laure was asked to be in charge of the project.

Although each of them already gave individually to charitable causes, they were soon confronted with the first challenges: where to start, how could they reconcile their different interests, how to make a common decision? “We had all sorts of ideas,” said Laure. “We did not want it to be something we discussed over Sunday dinner, but rather the reflection of a rational serious approach, that brings everybody together not in a family but in a business mindset.”

On top of extensive research and meetings with family acquaintances, they met with external advisors who helped them define the nature of their commitment, and explained how to structure the process and identify projects. They put down in writing the first values and principles that mattered to them. This became the first “family charter.” As Laure explains, “We and our spouses thought about the strengths of our family, what kept us together, and what was meaningful to us all. It is a short text with around ten key points. It means a lot to us, because it was not easy to write and we refer to it regularly.” The charter inspired the founding document of the foundation that they established a year later.

Since then, they have supported about ten projects in France and abroad, some with the help of professional philanthropic advisors, others on their own. Their experiences were uneven, which enabled them to learn continuously while confronted to specific

issues on the ground. During the learning stage, each family member found a role within the family and the foundation. Laure identified the successful *modus operandi*, forged a relation of trust with professional philanthropic advisors, and maintained professional standards among her relatives, even when following their hearts on occasion. “Looking back, I can say that the hardest part is to find a balance between heart and reason—it is a perpetual challenge,” she sums up.

All family members are involved in the decision-making process and project selection. Laure and her mother follow up and report on the projects, while making sure that the others remain involved through phone calls and visits to the field.

They all invest personally, which gives meaning to the philanthropy, and unites the family. It is particularly important for the spouses who do not have the same urge to get involved in the business or in family matters, because of strict family rules that pertain to them. However, they are strongly encouraged to play a role in the family’s philanthropic projects, which helps to strengthen the family’s values. The same will apply to the next generations, who are still too young to participate; but Laure knows that in a few years she will take her children to visit some projects, open their minds to the world and share special moments with them.

Looking back, Laure only looks at the positive aspects of this “family adventure”. It has given meaning to her life, but she remains realistic. It was not an easy path and one should not underestimate the difficulty and the frustration. It is sometimes harder to maintain professional standards with family members outside of the business framework.

“This strictly family approach to philanthropy is actually an excellent choice,” says Laure. Keeping family philanthropy sepa-

rate from the company policy on philanthropy allows each structure to play its role efficiently, according to guidelines, without succumbing to the constraints of the other, even if they have very similar values and motivations. Both family initiatives remain independent from the corporate communication strategy. The reputation of the family or of the business is not at stake, should either of them be subject to criticism.



[www.philanthropie.lu](http://www.philanthropie.lu)

Publisher: Banque de Luxembourg  
14, boulevard Royal – L-2449 Luxembourg  
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Layout: [meanings](#), Paris  
February 2010