

2005
Family Business Honours

Case Reports

2004 Family Business Honours

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Contents

Introduction	02
Three cases – What do they have in common?	03
William Jackson and Son Ltd: 2004 Family Governance Exemplar	04
William Reed Publishing Ltd: 2004 Business Success Exemplar	14
Bruntwood Estates: 2004 Social Responsibility Exemplar	24
Contact information	32

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I would like to thank Christopher Oughtred (Chairman of William Jackson and Son Ltd), Charles Reed (Group Managing Director of William Reed Publishing Ltd) and Michael Oglesby (Chairman of Bruntwood Estates) for being so enlightening in the preparation of the "Case Reports" on the three exemplars achieving the JPMorgan Private Bank 2004 UK Family Business Honours. Their openness and honesty impressed and delighted us, helping us to show what has made these three family firms so successful.

I am also very grateful to Nigel Nicholson, Professor of Organisational Behaviour, London Business School, and Åsa Björnberg, Research Assistant with the Leadership in Family Business Research Initiative at London Business School, for their professionalism and thoughtfulness in capturing the essence of each company. I hope that you learn as much from what they have written as I have.

It is wonderful to see so many nominations for the 2005 Family Business Honours. We will continue to accept new nominations until 29 April. The nomination forms will be given to Nigel Nicholson for research in preparation for the independent Evaluation Committee meetings in September. I look forward to the opportunity of sharing with you more best practices from leading family firms in the UK and Ireland at the end of this year.

Olivier de Givenchy

Head of JPMorgan Private Bank in the UK

Introduction

Aims of this report. In our previous report on the 2004 UK Family Business Honours,¹ we highlighted the themes and practices that distinguish excellence. Three companies exhibited qualities that marked them out as exemplars in the areas of business success (William Reed Publishing Ltd), family governance (William Jackson and Son Ltd) and social responsibility (Bruntwood Estates).

Our aim here is to provide a closer portrait of the life and work of these three exemplars – what one might call the feel and the smell of the place – and to understand how these are embodied in their *history, leadership, culture* and *governance*. We shall also explore in greater detail how the three exemplars demonstrate “sustainability” – the continuity of achievement past and prospective, and “suffusion” – the spread of best practice and awareness across the levels of the business.

Our method was to visit each firm for a day, interview family and non-family executives, and talk to a cross-section of employees. We used focus groups and conducted informal discussions. We also tried to note the character of the business from what you see and hear from the moment you walk in, meet people, and see how employees interact with each other.

In each case our impressions were positive and distinctive. After reading these case studies you will have a deeper understanding of “What it takes to be a great family business”.

Three cases – What do they have in common?

Family businesses are increasingly in the public eye – and not just for their high-profile problems but also because of their special achievements. It is not for nothing that the corporate plcs are often seeking to create that family feeling among their mighty cohorts.

Our three honoured companies help to show how it can be done, not just in private, family or SME-type firms, but in any business. As the report shows, one clue to this is the fact that one finds that the three criteria for the honours were interlinked in the best firms. They are able to demonstrate that business success, social responsibility and good family governance all support one another. Many of these firms could have been contenders under categories they were not entered for.

The balance of qualities does differ across the firms but here are a few highlights.

Emotional intelligence. This is a piece of jargon that has profound meaning, especially in family firms. It means that a business has good emotional as well as operational radar and builds a spirit of community in its midst.

Empowerment. Another buzzword – but again all-important. These firms all gave the people who worked in them a sense of pride, belonging and capability to make a contribution.

Innovation. All the firms score highly in their ability to turn change to their advantage, improvise when faced by difficulties and draw upon the hidden knowledge and creative potential of their people to make new things happen.

Leadership. In all the firms, leadership is clear and strong, and in all, family values are implicit in the model of authority, decision-making and management practice.

End user focus. The customer is king in all of them. The values of the family culture are ones that place the business firmly in a service-provider role, even when delivering a product.

Hard work. People are fully engaged – not because of external pressure but because of motivational drive and commitment.

Values. Good business is good business. They all exemplify how business success and social responsibility are not antithetical, but part of the right recipe for a twenty-first century leading organisation.

Integration. In every firm there are talented non-family working alongside family in a spirit of true teamwork. They understand and share a vision of the larger goal that unites them.

None of these qualities can be created accidentally or half-heartedly. In the case studies here, we attempt to show the spirit and endeavour that went into weaving these virtues into the fabric of the firm. No easy matter, but eminently imitable. That is what this report is for: to give encouragement to other firms to reach for the same heights of excellence.

William Jackson and Son Ltd

“If you are passionate about the family business and you believe in it and you have a great desire to continue it, then there’s bags of opportunity if you get your governance right to make the family business prosper and survive to the next generation. We have demonstrated that there is a lot of opportunity to get it right so that families can co-exist very successfully with the businesses of which they are so proud.”

Christopher Oughtred • Chairman of William Jackson and Son Ltd



William Jackson and Son Ltd
2004 "Family Governance" Exemplar

- Founded:** 1851
- Current generation:** Fifth
- Location:** Hull, east Yorkshire
- Business description:** William Jackson and Son Ltd manufactures frozen foods under the "Aunt Bessie" brand name, chilled Oriental ready meals for Kwoks Foods, and bread for many of Europe's sandwich makers, as well as other food service customers
- Advice to other family businesses:** Concentrate on the family and employ good people to concentrate on the business. You can't do it the other way round!

William Jackson's won the prestigious "family governance" honour as a firm that takes governance very seriously, and has demonstrated the power of its culture and structures by its being put to the test through difficult business and family transitions. Repeatedly the company has been able to undertake strategic disinvestments and cope with crises with pragmatism and positive aspirations. This is directly attributable to William Jackson's powerful model of family governance, which combines flexible processes with stable structures. These are adaptive enough to stay in tune with the evolution of the generations and the business, and yet stable enough to provide anchorage in times of turbulent change.

Introduction

Every day, a tanker containing twenty tons of liquid eggs drives through the gates for the production of Yorkshire puddings. Making these famous puddings is a difficult task, and over the years the process has been perfected by William Jackson's. Innovation has played a great part in this endeavour, triggered by a long history of change, including at least one disaster. For example, a fire levelled the previous production site to the ground. On the cold December morning when we are driven by the Chairman to this particular site, production is in full swing. It belongs to Tryton Foods Limited, one of three food-producing subsidiaries in the William Jackson's Group. Walking around the factory, you get a strong sense of the ideas that have gone into the production of the puddings. The family motto "Be merry and welcome" is a part of their heritage that not only the family, but the company has put into practice. The Chairman chats with the workers, and they smile and greet both him and you as you pass.

Having toured one of the factories, sat with the Oughtreds, the top management team and a group of frontline workers in long and intensive interviews, two essential concepts that describe this business remain imprinted: emotional intelligence and maturity.

William Jackson's is a place where stories are told and treasures are found. Recently, a chest of medals that the company had received in recognition of excellence in different kinds of bread and cake making was discovered in a bank vault. These were so numerous that only a small selection is displayed in the boardroom; the rest were catalogued. The Family Bible, which emerged in a recent attic-tidying exercise, is next to them. Equally, a collection of letters between a young couple from a previous generation of the family was found in an attic. Later, these gave rise to the book *Destiny*; a personal account of the Great War. Among the legends told in the company, one tells of how the founder, William Jackson, halved currants to achieve exact weights – earning him the nickname "Mr Split-Currant".

Historical milestones

The Oughtreds regard themselves as custodians of the culture, ownership and management, but they are more than that: they are also custodians of a living history. In the epilogue of the book *From Corner Shop to Corner Shop in Five Generations – A History of William Jackson and Son Ltd.*, Christopher Oughtred, Chairman and joint MD, describes their pride in **“something which William Jackson’s has that few of our competitors can copy or invent: namely, a great heritage. Part of understanding where our business is today comes from knowing where we have come from.”**

William Jackson’s tells a story of loss and creation. Like the events of a family life cycle, the business has seen members of its family join and depart. Both expected and unexpected events have contributed to William Jackson’s legacy of bold and far-reaching change in the fast-moving food industry. The most defining moments of the business’s recent history include the fire that burned Aunt Bessie’s Yorkshire Puddings production facility to the ground in 1995, the sale of supermarket chain Grandways to Argyll Group and Kwik Save plc in 1992–93, the exit from car dealerships completed in 2003 and of course the sale of Jackson’s Stores to Sainsbury’s in 2004.

Needless to say, the fire was a complete shock to the family and company. On the morning after it happened, 600 employees were unsure whether they should come to work or not. The role of the Chairman at that point was to instil confidence and inspire the management into immediate action. In the end, this devastating event was turned into something very positive. Within a few weeks production began again, wages were paid and no orders for the unbaked product were lost. The incident precipitated the construction of a new and technologically improved site, which increased the efficiency and quality of the production process.

The sale of Jackson's Stores

The process conducted during the recent sale of the convenience store chain to supermarket colossus Sainsbury's is very revealing of what kind of business William Jackson is, how decisions are made and how the family interacts with the business. Interestingly and somewhat unexpectedly, the board approached the family in this instance. A closer look at the pricing of convenience store locations had made it clear that future growth would be more difficult and expensive to achieve. Initial discussions with the family were held on 25 February 2004, and the deal was officially announced on 16 August the same year, in a process described as "slow" and "sad". Lessons learned from previous experiences, such as the fire, had thoroughly prepared the management for people's aversion to shocks. Binding the family into the decision-making by making it inclusive and democratic – and acknowledging the time it takes – was thus paramount. At a family retreat in April, the sale was dubbed Project Lent, because you give up things at Lent, in recognition of the symbolic importance of the sale. Tradition was tied into the bold and new, as has been the case throughout the company's history.

From day one of their deliberations, the family made it clear that the staff had to be looked after. The final deal contained no redundancies, the final salary pension scheme and other enhanced benefits were kept intact, and the brand name was retained (the stores are now called Sainsbury's at Jackson's). The management and local operations remain the same, including the managing directorship of Angus Oughtred. As Christopher Oughtred remarked, **"We also sold our brother with it, which was very difficult for him and also difficult for us as a family."**

In the words of one of the directors, letting go of Jackson's Stores was "like ripping our heart out". The group effectively ceased to employ nearly 2,500 employees in one clean sweep, although many of these were in part-time employment. The impact of this loss was inevitably felt across the firm. Most employees were "absolutely astonished" and naturally worried about their livelihoods. However, the top management handled communication regarding the sale in an exemplary manner, reassuring, explaining and thanking the Jackson's Stores team. The mutual faith of the family in the business and its people that

has been nurtured over many years delivered when it was most needed. As one employee put it: "...we sell and buy things, [but] deep in my mind, I know it's always for the best. The future of the Jackson's Group is safe." Indeed, the majority of the proceeds are earmarked for investments for the long-term growth of the Group's remaining businesses.

The first Sainsbury's at Jackson's store opened the day before our case study visit. Although it is no longer officially part of the Jackson's Group, a sense of pride is still associated with it. The William Jackson's Group slogan: "Having a business to be proud of" remains a fundamental business goal.

Caring for the employees

Against the background of these changes, it is hardly surprising to learn that the business operates a counselling service that offers employees help with the processes of bereavement, illness, divorce and benefits claims. Caring for employees lies at the very heart of this business. There is also an on-site physiotherapist, occupational health nurse, enhanced sick pay and pension scheme for all employees. Recently, an Employee Communication Group was established in Tryton Foods in order to gain full representation of the workforce and improve communication. The company has given official recognition to the Bakers' Union, whose members represent 24 per cent of the workforce. Staff turnover rate is lower than the industry average in all areas

of operation. In addition, the company has developed a detailed Environment Policy, which is publicised on the website alongside its Health and Safety policies.

Employees of William Jackson's can enjoy the activities offered by a Recreation Club. This group, by organising a host of events, including lotteries and shopping trips, also functions as a bridge between the divisions in the Group. It engages the employees, bringing them together outside working hours.

Ownership

William Jackson's is a privately owned family business. Nearly 90 per cent of the shares are in family control, with the remainder held by non-family individuals. The sale and purchase of shares must be made in accordance with the Family Constitution. Ownership features strongly in the company vision. It is the intention of the family for William Jackson's to remain a privately owned family business with a strong element of direct family involvement. The company's long history has proved this to be one of its fundamental strengths. The company's mission statement also incorporates the notion of independence for family and shareholders: "William Jackson and Son is a long-established, independent family business that aims to achieve excellence in everything it does, and earn the respect and support of all its customers, employers, suppliers and shareholders."

The emergence of a family plan

Like all families, the Oughtreds also experience the tensions that arise from family dynamics. These were accentuated in the 1990s on two fronts. One was the consequence of an era of change in the car sales business, which saw the worth of Crystal of Hull deteriorate (Crystal was a motor business also owned by the family). The second was the heightened competitive environment of the supermarket grocery arena, adversely affecting the Grandways chain. It was recognised that both the business and the family strategies needed to be addressed. Lines of communication needed to become more formal with the transition into the stage of development that family business scholars call the cousin consortium – a situation in which problem solving over a glass of whisky, like the three members of the fourth generation used to do, was no longer feasible. Michael and Christopher Oughtred (who are second cousins, but perceive themselves as first cousins) set out to formulate a family plan that would separate the family from the business. Under the leadership of Christopher Oughtred, the family plan has developed into an exemplary family governance system, featuring a regularly revisited constitution, a Family Steering Group, regular family retreats and a Development Advisory Group (DAG) that supports the career development of family members and regulates the entry of succeeding generations.

The Oughtred family describe themselves as close-knit and supportive. Advisors who worked with them noted the degree of cohesion that the family expressed throughout the process of creating the Family Constitution. All of the fifth generation live in east Yorkshire, and the physical proximity of this core has made communication easier.

Next generation

Unlike the current generation, the sixth generation (G6) has a much wider geographical spread, and they are much more numerous. However, of the nineteen children in G6, only nine are currently old enough to attend family meetings. They are encouraged to be part of the business through a variety of means; for example, by encouraging them to plan their own social event. A thought-through and detailed preparation and induction process devised by the DAG has bound them in and created good personal communication in their generation. One member of the sixth generation was heard saying, “We have to do well in G6 to beat G5” following the recent sale. They are supportive of the business and are keen to know about it.

In terms of the upcoming CEO succession, the Group Finance Director remarked: "Christopher could not have done more to lay the foundation." The current top management team hope to see the next generation successfully engage with the business, and see no reason why the succession process should not be successfully handled. The Constitution clearly states that all executive succession takes place on merit. The requirement of three years' outside experience was recently upgraded to five, by G6, underlining this point.

Familiness, cultural strengths and weaknesses

The words mentioned most often in discussions with members of the William Jackson's Group regarding what denotes them as a family business are "familiarity", "belief" and "commitment". The company has been described metaphorically as a new Volvo: safe, steady and reliable. Much time is invested in upholding and communicating the values that emanate from the symbiotic relationship between the family and the business. The company has a process-oriented approach, embedding all the values and binding people in. The values centre on people, pride, encouragement and giving support:

- Continual adaptation and reinvention
- Encouraging enterprise
- Personal commitment
- Perseverance in attaining goals

The first of these points has been especially noticed by customers and suppliers, who describe them as "courageous and visionary". Despite this bold attitude, there is a strong desire to preserve and protect. Forward thinking is part of their strategic management for long-term investment and benefits, alongside a solid identification with the product and expertise in the food industry. From the employees' point of view, the familiness of William Jackson's means reassurance, a friendly atmosphere, recognition for your individuality, involvement and dedication to people. In addition, there is much pride associated with the products.

As is often the case in family firms, the weaknesses recognised by William Jackson's represent the other side of the coin to their strengths. They say they could be accused of being too supportive, too people-oriented, overly sympathetic and understanding. There is no shouting in this business. Brutality is not a trait they have. Also, it is a business that is not generally spontaneous. It "thinks a lot" and is slow to address certain issues. Some people say there is room to be more directive, quicker and to pick up ideas faster, particularly from the shop floor. But this measured approach clearly serves the firm well in the major changes and transitions they have confronted. It could also be said that they display a tendency to be overly self-critical. Their style is also muted in other respects. A recent example of this occurred when the sale of Jackson's Stores went through. The solicitors had asked if champagne was required, but no one was in the mood to drink it. The absence of a wish to celebrate is not so hard to understand in this case.

Leadership style

William Jacksons employs a leadership style that is underpinned by faith and belief. It has a caring and nurturing approach, and gives recognition to the team effort. The leadership of the company states that **“we want the people with us, not behind us”** – opting for an inclusive and consensus-oriented way of leading.

On a divisional level, this expresses itself as empowerment and autonomy. The non-family Joint Managing Director describes it in terms of good administration. By the Group Office attending to good and thorough business administration, and addressing the “tedium of business”, the course is kept clear for the divisional heads to focus on their day-to-day activities. Family members in the senior management team describe themselves as “stewards of ownership and management”. This underpins a democratic way of leadership that avoids “command and control” and emphasises problem solving, service and support for its people.

Joint MD practice

The Joint MD practice was started in 1958 when Peter and Brian Oughtred of the fourth generation originally shared the post. After the retirement of Peter, Patrick Farnsworth, a non-family member, became the Joint MD with Christopher as the family thought it would be healthier for the business to have a non-family member sharing the post with a family member. However, in June 2005, Patrick Farnsworth will be retiring and there will be only one MD thereafter. The reason is that the subsidiary businesses have grown strongly and they now have strong MDs of their own, requiring less executive control from the centre.

Integration of family and non-family

William Jackson’s has had an increasing number of non-family members on its Group board since the independent Chairman who succeeded Bentham Jackson in 1930. This period saw the increased professionalisation of the firm. In fact, the Constitution states that there must be more non-family than family; currently, there are three family directors, three non-family directors and two non-executive non-family directors. The family can be out-voted if a vote is held.

William Jackson’s has recognised the value of certainty of ownership, providing a continuity that carries with it a quality of life. The family itself is explicit concerning the value it sees for the business in its involvement and identification. In terms of incentives, the company offers no equity participation, but rather a value-sharing scheme. This scheme accumulates cash like a bank, some of which is given as a bonus when you leave.

The culture of continuity is exemplified by the current Managing Director’s period of service, which William Jackson’s has enjoyed in a variety of roles for forty years. The spirit of integration was expressed in an exchange between two of the executives we were interviewing about the mix of family and non-family. One non-family executive remarked: **“Blood is thicker than water”** to which a family executive instantly replied: **“But in a fire water works better”**. In this case, a combination of blood and water has not only extinguished the fire, but helped a stronger and better business arise phoenix-like from the fertile ashes.

Secret of success

Family governance

There is no single recipe for success – other than the adage “to thine own self be true”. The approach of Jackson’s is very much stamped with the history and identity of the business. It has honoured its past and yet been consistently bold in its attitude to change. What is striking here is that change involves loss, which has to be confronted, healed and built upon. This is possible only by:

- taking a long-term perspective
- holding trust as a key value and practice throughout
- giving unstinting support for people through change
- maintaining stability of purpose and outlook

Finally, excellence also means ‘sustainability’. In the case of William Jackson this means a programmatic approach to the involvement of future generations, to spread and maintain the company’s distinctive vision and identity.

William Reed Publishing Ltd

“There are three things we value in our business greatly: supportive shareholders, enormously talented staff and good products...”

Charles Reed • Group Managing Director of William Reed Publishing Ltd



William Reed Publishing Ltd
2004 "Business Success" Exemplar

- Founded:** 1862
- Current generation:** Fifth
- Location:** Crawley, Sussex
- Business description:** William Reed Publishing Ltd is a business-to-business media company with a diverse and comprehensive portfolio of products covering the food, drink, hospitality, retail and leisure sectors
- Advice to other family businesses:** Clearly demarcate between shareholder and management issues wherever possible

William Reed achieved the prestigious "business success" honour because it has shown consistent and excellent performance, even during periods marked by low advertising revenues. Innovation and empowerment are the keys to its ability to sustain its historic products and simultaneously develop new ones that take into account changes in the marketplace. This is a company that constructs real partnerships with suppliers based on trust, transparency and mutual benefits, and one where employees enjoy flexible and progressive promotion and developmental opportunities. The firm epitomises all of the qualities of a well-run and successful family business, both in terms of "sustainability" (past consistency and future promise) and "suffusion" (spread of values and practice through all levels of the business).



First impressions

William Reed Publishing lies in a modern business park in Sussex, near Gatwick. It is surrounded by a football club, a school, an allotment and a lake. Its two low-rise office blocks, the North and South buildings, are joined by “the bridge” – an elevated, windowed walkway. It is modern, tidy and clean.

In the area outside the Managing Director’s office and in the dining room, the first objects you see are the bound copies of *The Grocer* from its initial publication in 1862. These are displayed proudly in glass-fronted bookcases. We are told they provide a visual reminder of the changing fortunes of the business. Comparing times of “feast and famine”, volumes of prosperous years are fatter, while the volumes of years of hardship (war and post-war) are thinner. These originals are available to the industry, who often use them when researching their brand or company’s heritage. The current microfiche transfer of all of these is a labour of dedication to the heritage this represents.

As you move inside the building you find open-plan offices that exude an air of quiet urgency, populated by a gender-balanced young workforce. Executives’ offices reside on these floors, like implanted glasshouses, with their window-walls and filtered winter daylight shining through. Every workspace is personalised with mascots and pictures in the offices, including a menagerie of fluffy animals and life-size cardboard displays of men and women. Drinks journalists are sampling exotic-looking drinks, strictly in the interests of their sought-after reviews. Plaques noting the many achievements of teams cover the walls. They are a source of friendly competition between these ambitious teams. The atmosphere is one of a journalists’ office with a controlled, focused buzz.

History

The company's roots are rural; William Reed himself was a sugar-beet farmer and trader. In 1862, he launched *The Grocer* to provide the latest news and analysis of the trade on a weekly basis, and it has continued to do so ever since. Following this initial launch, the business has seen many launches, acquisitions and changes, which have joined to create a legacy for the company.

Despite having a great tradition, the family management makes a conscious effort not to let ancestry weigh it down. Rather the business exudes a strongly contemporary style. As Charles Reed, Group MD, writes on the company website: **"It's wonderful to have such a tradition. But it's even more exciting that we now have the kind of technology that allows us to use all our experience and connections in powerful and previously uncharted ways."**

Over the past fourteen years, significant changes have taken place in the company. Key events include the generational shift, when Charles Reed took over the managing directorship, and they moved from south London to the present location. At this transition, the strategic direction changed towards increased reinvestment in the business, through a mix of organic growth and acquisitions. The relocation saw a reduction in employee numbers (through voluntary redundancy) and great changes in terms of culture and pace. The repositioning and restaffing had an immediate effect on business performance, and provided the impetus to develop their exhibition and events business. This amounts to a repositioning, such that William Reed no longer defines itself as a business-to-business publisher, but rather as a communication hub of the food and drink industry. These changes opened the way for renewed growth, with staff numbers rising from approximately sixty-eight in 1997 to 250 today, a number that continues to rise.

The family

The Reeds have nurtured a long line of male descendants. They live close to one another, and spend much time together. The family is described as extremely close and conservative in the traditional sense. The previous and current generations, operating a business in a low-cost industry, have no propensity for ostentatious lifestyles. As Charles Reed remarks: "I do drive a BMW but not the top-of-the-range [model]. I travel second class and Easy Jet when I can. **The humility and confidence with which the family leadership is conducted can be traced back to the family motto – "Esse quam videri" – which translates as "To be, rather than to seem".**

Family ownership and involvement

The ownership structure of William Reed Publishing resembles that of a third-generation rather than a fifth-generation company with the first three generations being sole proprietors. 85 per cent of the shares are held in trusts, half being owned by the fifth generation (Charles Reed's), the other half by its children. The members of the next generation are too young at this point to know whether they will be involved in the future.

To create the flexibility needed for profit reinvestment in the business family dividends are modest. The Trustee Group, consisting of nine family members, holds shareholder meetings on a quarterly basis, the functions of which we describe overleaf.

Familiness

The family character of commitment and pragmatism is recognised as something members exhibit in their lifestyles. Familiness is a tangible asset in terms of continuity of management. Knowing the industry players, and carrying the family name with you when entering new markets is very valuable, as was demonstrated when the company recently extended into the pub industry. The family name makes the position as owner-manager even stronger, since it holds a long-term legacy and future promise. William Reed was a founder member of the Periodical Publishers Association and has been represented by a director since its inception ninety-one years ago.

For members of the business, a sense of family means that there is “no faceless group of shareholders”. The family is visible in the company, on a daily basis. They are part of the team, and approachable. The family brand means strength in independence, and knowing that this is a company that will also care for you and your own family. Flexible working hours and a scheme for returning mothers are examples which demonstrate how the company translates the values of autonomy and care into practice.

Organisational structure

William Reed Publishing has adopted a matrix management structure, as opposed to the more traditional, hierarchical model often seen in the publishing business. The use of this structure was influenced by the company’s customers, especially within the food and drink industries. William Reed finds balance by dividing the organisation into teams, and cultivating transparency, involvement and openness at all levels. However, despite the good fit of this model with the structure of the business and its staff, it is not without challenges. It requires a clear demarcation in roles and responsibilities, and also the need to achieve consensus by maintaining an optimal balance between autonomy and team working. Inevitably, frictions can occur when such a culture includes people with widely differing skills sets, aspirations and lifestyles, such as the journalist and the salesperson. There is satisfaction that the structure being operated contains the required flexibility and robustness to resolve any tensions that arise within it. As Charles Reed says, **“We try to find the right structure for the individual product groups.”** A danger with this type of structure is excessive burden on internal communication, so there is a conscious effort to avoid unnecessary and overly formal communications.

The Grocer

An illustration of the balance upheld between autonomy and teamwork can be found in the unique position occupied by *The Grocer* relative to the other publications in the company. As the honoured first child of the business, focus was previously much more centred on this publication. It is perceived as a “strange animal – so large”. It used to be the place where people entering the business most wanted to work, and there are parts of the business where this still is true. Now as the business has acquired and launched more publications and events, such as *The Morning Advertiser*, *Food Manufacture*, *Convenience Retailing Show and conferences*, healthy competition has begun to develop with *The Grocer*. Readers identify more with a particular publication brand than do the advertisers – with the exception of very mature publications, such as *The Grocer*. This is partly due to the fact that business-to-business publications are generally long-standing. This means that for the Group, brand equity is predominantly created and maintained on a local level (UK) and nurtured over a long time.

Leadership

The role of the Group MD is to provide a vision and formulate strategy. The style he adopts is, in his words, “normal and natural” and aims to instil respect by respecting others. The board describes him as very ambitious, focused, fair and driven. He strives for consensus, yet he clearly knows what he wants; in fact, as the events and exhibitions director (Charles’s brother) remarks, “Sometimes, you can’t turn him.” He is an empowering leader, who is happy for his people to take centre stage. His position is also to be careful not to overstress family values, but to provide space for what the employees think. Conveying a sense of security, robustness and continuity is the key notion, but without being paternal or patronising.

Senior managers at William Reed practise an open-door policy, striving to be approachable and available to staff. Financial information, strategy and planning are disclosed at levels of detail that are uncommon in most businesses. The leadership tone at William Reed does not favour machismo or aggression. **“Of course nobody is perfect, but there are people in the business that still believe they have to shout at people to get the best out of them. We work extremely hard to drive this sort of practice out of the business, and on the very few occasions when that happens, we step on it”** (Charles Reed). It is believed that if you want to achieve best practice and encourage innovation, there should be no fear of making mistakes.

Company culture

The word that comes up most often in conversation with members of William Reed Publishing about their company culture is “different”. The evident cause of this “difference” is the nature of their people and the existence of a number of individual brands within the company. Acquisitions can also create micro-cultures. These operate well within the matrix management structure largely because this diversity is linked with a respect for people’s integrity. Individualisation features strongly in a business that has its own “celebrities” and has clearly separate, yet similar activities. This gives rise to a certain degree of internal competition, yet the brands exist under the same banner and work along the same strategic path. This friendly rivalry enhances performance, in keeping with the company vision **“To be the dominant leader in a particular sector”**. To create a higher level of unity and involvement

of the teams in the business, the teams prepare their own budgets in line with the journal and the group strategy. Similarly, job migration occurs quite frequently between different divisions, and there is spontaneous and active interchange on the firm’s intranet.

Shrewd and meticulously researched acquisitions, combined with an aggressive publishing strategy, have made this company very successful. A “military” approach is taken to tactical and strategic moves, which are backed up by scrupulous planning and thorough research. The pay-off is that the company has continued to grow on a sharply rising trajectory. It is inevitable that there are growing pains, including those of cultural integration, and regarding physical space along with issues relating to strategy. However, the fundamentals of the business are strong. There is a sense of confidence and a certainty of being great. This is underlined by the fact that the company stages many celebrations to honour its achievements.

The core values of the company, which are repeatedly given people's testimony, are empowerment, transparency, autonomy, innovation and ethical business standards – "to underpromise and overdeliver" as it was put by the leadership. People who joined the business from the plc world are surprised and delighted to find a company culture that does not believe in hierarchical tiers of bureaucracy, and applies a flat structure based on openness, flexibility, understanding and trust. William Reed Publishing also believe in growing their own talent, which is exemplified by the fact that their head of advertising started as a secretary. She also happens to be one of the company's "returning moms".

Board structure and integration of family and non-family

When the three family members of the previous (fourth) generation were active on a day-to-day basis in the business, they fulfilled a full range of board functions, from the so-called "minutiae", through to detailed operational matters, strategy and ownership. These functions have since been split to pass ownership matters into the hands of the Trustee Group. Its tasks are now conducted with greater detachment and a more strategic vantage point, covering issues such as investments, acquisitions, and trust and wealth development.

The current Executive Trading Board (ETG) fulfils the main operational needs of the business. It consists of two family executives, one family non-executive and five non-family executives. The board is thus non-family-dominated. In the ETG, the main focus is on business operations, brand development, extensions and launches. Each executive is responsible for a specific profit area. Meetings are devoted to discussing product development and innovation, and how the business should be readjusted to achieve key goals. Apart from paying competitive market-rate salaries and bonuses, the non-family leadership are incentivised with the intangible benefits of working for the company, not least the autonomy it affords them.

Secret of success

Business success

This is a business whose bottom-line success has been consistently outstanding, despite tough market conditions. It has achieved this through a combination of boldness, modesty and efficiency. The boldness comes from the ambition and imagination that drives the firm. This was reflected in the confidence that enabled the company to keep cool when the dot-com bubble was becoming temptingly overheated. The willingness to celebrate achievements is a sign of the power and collective spirit of the culture, which is enhanced by an ability to turn diversity into harmony.

Modesty lies in the demeanour of leading individuals, but also more visibly in the policies of remuneration, investment and dividends, which send a consistent message about this being a business that invests in its fundamentals to build success and longevity.

Efficiency comes from the constant monitoring of the market and coming to it better prepared than its competitors. Efficiency also comes from innovation – a value close to the heart of this business. William Reed Publishing has worked hard over many generations to create and uphold excellence in business standards. By establishing long-term collaborative partnerships with suppliers, they are able to add value to the supplier's business as well as to their own.

By any standards this is a business whose returns would likely be the envy of very many inside and outside its sector.

Bruntwood Estates

“Corporate social responsibility has become something which every company has got to have – it’s part of the tick-list. The trouble is that it comes from the chequebook, and doesn’t come from the heart. For family businesses, that’s what makes us different, that’s what we bring to the table. The corporates do it because they’ve got to do it and we do it because we really believe in it.”

Michael Oglesby • Chairman of Bruntwood Estates



Bruntwood Estates
2004 "Social Responsibility" Exemplar

- Founded:** 1977
- Current generation:** First and second
- Location:** Manchester
- Business description:** One of the largest privately owned commercial property investment, development and management companies in the north of England
- Advice to other family businesses:** The key factors for a successful and sustainable business are the quality of your product, service for your customers and investment in your people

Bruntwood Estates achieved the prestigious "social responsibility" honour because of its ability to create and sustain a strong linkage between business ethics and business performance, which ensures the sustainability of the company's charitable endeavours. Under strong leadership, the company has maintained this profile through periods of market difficulty and uncertainty. On its journey, it has accumulated a breadth of partnership relationships that have underpinned its impressive long-term financial success and commitment to its community programme.

First impressions

Visiting Bruntwood is like paying a visit to Manchester itself. Not only is the city centre strewn with buildings that carry Bruntwood's trademark red oval, but from the inside of Bruntwood's high-rise towers, the city unfolds beneath you in all its urban splendour. We get first-hand experience of the dynamic enterprise that is Bruntwood through a brief sojourn on the twenty-fifth floor of Piccadilly Plaza, one of the company's recent acquisitions and home to Bruntwood's headquarters. As is customary in the first life-cycle stages of the properties bought by the company, this building is being refurbished and improved. From this elevated point four days before Christmas, we are treated to a display of the city in all its moods. During the course of our interviews, the sky turns from a pewter grey to swirling snowfall, followed by a velvety fog, wrapping itself around the city landmarks that are pointed out to us by the Chairman, Mr Michael Oglesby.

It is a unique thing for a family to be such an integral part of its hometown, not only in terms of bricks and mortar, but also in terms of its life and living history. Caring for this heritage is a core element in this family business. This is exemplified by the recent refurbishment of the St James office block, a listed building, circa 1909, originally the HQ of the Calico Printers Association and a marvel of space and multicoloured Italian

marble. Its beautiful stone floors were recovered from underneath a cover of carpet in the entrance space, and oak floorboards in the boardroom will soon be unveiled in a similar fashion. The tall light wells inside the building, originally created to give light to the textile workers, will be fully refurbished to continue illuminating the labours of its current occupants.

Bruntwood also creates a modern heritage in Manchester, as is the case with the neon yellow wall of the Portland Tower. It was given this colour during Bruntwood's sponsorship of the Commonwealth Games in 2002. The plan was then to paint it grey – but this caused uproar among those who used the building, who wished to keep the colour and enjoy its marvellous reflection in the tower opposite. It has remained yellow since, a typical instance of Bruntwood's acute responsiveness to its customers.

A brief history

Michael Oglesby founded the company after the property crash in the 1970s. Due to the dire state of many banks at that time, getting cash to buy property through that route was very difficult. Instead, Michael joined with a business partner, who lived on Bruntwood Lane, to help finance the project; hence the name chosen for the company. As a start-up, the business struggled, and the vision for Michael at that time was **“feeding my family and children, and keeping my head above water”**. As a graduate and a builder, he used his skills to rejuvenate a mishmash of redundant industrial buildings, bought cheaply following the regional deconstruction of the manufacturing industry. In 1982, during the early Thatcher economic shake-out, the business experienced its darkest hour in the shape of a market crash. Many large family engineering businesses in the region went out of business at that point, hollowing the market even further. One third of Bruntwood’s income was lost during the crash. However, profits were kept flat, many buildings were sold, and the company took on a new direction, shifting its focus to office buildings, which has been the way forward for the company since.

Having witnessed the deterioration of Manchester in such a close and personal way, the Oglesbys and Bruntwood nurture a strong determination to contribute to the growth and development of the region. The company and family have created a strong profile as benefactors of city regeneration through a wide-ranging programme of charitable activities, including support for arts in the region. The Bruntwood Community Fund and the Oglesby Charitable Trust are the bodies set up to administer the company’s substantial philanthropic and charitable endeavours.

Family

Michael Oglesby’s father was a plumber by trade. He had strong expectations of involving his son in the business that he had opened in the precarious year of 1939, having failed the medical for army service. At age sixteen, Michael joined as a plumber apprentice. However, the father-and-son relationship proved to be too tumultuous to sustain a business operation as a team, and instead, Michael was encouraged by his mother to go to college and get a degree. Based on this experience, when he launched his own business, Michael did not entertain any notion of his children entering the business. The entry of his son Chris into the business thus took place gradually. After having worked for other employers in the property industry, he began working at Bruntwood with the aim of getting training following the 1990s property crash. Initially, Michael “made sure that there were plenty of people in between us”, but Chris’s success and entrepreneurial spirit eventually brought him into close teamwork with his father, rising to the role of company CEO.

The Oglesby family is described as very close, Mrs Oglesby being a very family-oriented person. The family is described as “down to earth”, with a “sensible approach to life”. Chris’s sister, Kate Vokes, also works very closely with her brother and father in her role as Company Secretary. The current Chairman has now withdrawn from the day-to-day running of the business, gradually handing over the reins to the second generation.

Family ownership

The ownership structure of Bruntwood is interwoven with the company's charitable activities and philanthropy. Four family members hold 99 per cent of the shares, and the company's staff holds the remaining 1 per cent. Last year, the shareholders distributed 12 per cent of the profits to the staff share schemes, and 8 per cent to local charities. The majority of the family shares are held in a complex trust structure, a significant percentage of which are destined for the Oglesby Charitable Trust. The Trust, which is administered by family members, serves as a channel for a steadily increasing percentage of annual net profits donated to charitable activities. In addition, steps have been taken to ensure that ownership and control of the business will remain with the family, also through to future generations.

Organisation of the company

Bruntwood's organisational structure is flat. At the client-facing level are multiple teams, each with its own customer services manager with other members fulfilling functions for several teams in a flexible network arrangement. The next level in the organisation is the "holding" board, consisting of Michael Oglesby (executive Chairman) and his son Chris (CEO), eight non-family executives (including the regional directors), Kate (Michael's daughter and Company Secretary) and one non-family non-executive. This structure puts the customer services managers in a key position

in the organisation, since they report straight to the directors. A financial forum forms a subsection of the holding board, providing a supplementary forum for discussion and decision-making. In addition, the regional directors have their respective management teams, which as yet do not have board status. There is also a family forum, which oversees matters such as wealth and strategy development. In addition to this, meetings are regularly held between all family members, including in-laws, to discuss the activities of the Oglesby Charitable Trust and other relevant family matters. A Family Constitution is in place, developed with the assistance of professional advisors.

With the rapid growth that Bruntwood is currently experiencing, the organisational structure of the business is soon due to undergo changes at the top management level. The expansion to Leeds and Liverpool prompted the recent emergence of regional directors, and as the company continues to spread into other regions, increased multi-local management is anticipated.

The Bruntwood Way

“The Bruntwood Way” is the business model that has shaped the company’s structure and culture. This service-based approach is built on the realisation that it is not the buildings that constitute the real value – it is the people in them. They are not referred to as “tenants”. This is a taboo word, carrying antiquated and unwelcome connotations of an unequal and almost feudal relationship with the landlord. Instead, they are referred to and treated as customers. Bruntwood makes a strong point of their loyalty to both customers and buildings in the statement that “we do not sell our customers”. In fact, should they encounter financial distress, Bruntwood is ready to be proactive in helping them find practical solutions. Because the customer services managers are on site, listening and talking to customers, grass-root market intelligence is always within reach for the top management team. As the Chairman remarked, **“We know before you do when your business is in trouble, [so] we approach you.”**

Occupants also have the choice of upgrading premises if their business needs more room. In an equally flexible manner – and revolutionary when first employed after the early 1990s property crash – customers are not held down by ten- to twenty-year contracts. The fundamental idea is that as long as the agreements are made and upheld with integrity, there should be room for movement, understanding and flexibility. The superiority of this business model is reflected in Bruntwood’s customer turnover, with vacancies below 2 per cent.

Leadership

At present, the leadership emanates from the centre of the business. Partly due to its entrepreneurial approach, and partly due to the nature of the deal-making in the property industry, decision-making processes are swift and agile, rather than process-bound. People who have joined the company from the plc world told us that after companies where many levels and lobbying have to be ploughed through before a result is visible, they find Bruntwood extremely refreshing.

Leadership challenges are in many ways connected to the growth of the company; for example, how to integrate the processes into a new structure that is more regionalised. Disseminating the company culture, and translating its values into practice across an increased spread will also be a task for the next generation to handle, as well as promoting the company to prospective employees. There is already a well-developed graduate recruitment programme in place for this purpose, and there is a strong belief in home-grown talent at Bruntwood. The current board composition exemplifies this belief, since many of its members have been part of the company since they joined as school leavers or college graduates.

Culture

Bruntwood's dynamic and forward-thinking culture builds a friendly and open atmosphere based on a "Can Do" attitude, where staff are empowered to make decisions and think differently from the outset. The focus is on teamwork, promoting creativity and social interaction. Social responsibility plays a great part in this culture, as does its regional affiliation:

"We are part of the fabric of this city."

Although they describe themselves as an entrepreneurial company **"high on deal-makers and business people"**, there is also a strong urge to promote the company's service-minded approach and tend to the more administrative side of running a business.

Bruntwood advocates twelve core values, not only within the business, but also throughout relationships with staff, customers, suppliers and the community in which they operate. These values are: Integrity, Pride, Respect, Can Do, Challenging, Learning, Ownership, No Nonsense, Long Term, Survival, Vibrant and Rounded. The family values and company's values tie in together. Although it is felt that these values carry equal weight, "Integrity" and "Long Term" come across most frequently in discussions with the people. Integrity means keeping one's word, "fairness and [viewing] previous action with pride" and doing the "right thing for myself and the company".

The family, as well as the other directors, are approachable and present. As one customer services manager puts it: **"If I want to speak with [Michael] all I have to do is pick up the phone."** This presence is felt both ways, as another customer services manager pointed out: "At Bruntwood, you're not a number, you're a person." Placing value on people is a core priority for Bruntwood – the rule of thumb is to "sell the company first, and the product second", thus focusing in the first instance on the relationship.

It is essential to the culture that people are kept up to date with financial information. Everybody shares the numbers, talks about them and has a budget with related goals that feeds into the corporate budget. In addition to this constant flow of financial information, the leadership rents a theatre and gets staff together from time to time, sharing strategy and other important news. The people of Bruntwood celebrate their successes, but are careful not "to let arrogance...creep in". Pride is a core value, and the company prides itself on being owner-managed. However, a balance is retained between the family image as city benefactors and the collective achievement of the Bruntwood company.

Secret of success

Social responsibility

Bruntwood's award of the JPMorgan Private Bruntwood's award for Social Responsibility category is manifestly linked to their public generosity, vision and deep involvement in the city of their founding, and indeed beyond. The award recognised that this is built upon an integrated approach driven by consistent and sustainable values. Our visit brought this to life – especially the virtuous circle that brings business success with doing good so closely together. Although many values are espoused and practised, we found three to be most visible.

The first is the long-term nature of the company's vision, strategy and practices. In a world where it would be easy to chase short-term profits through deal-making, Bruntwood has a consistent approach to building the future, literally!

The second value is closely tied in with this. The slogan that customers come first is on the lips of many businesses today, but Bruntwood has been walking this talk for a long time and in a very impressive manner. The flat structure and key role given to customer service managers yields the company remarkable stability, growth and an enviable reputation.

Third, they remain a deeply entrepreneurial business – finding and creating business opportunities. All the time this is kept within the compass of their value proposition and the commitment to the community. The result is a highly pragmatic, fast-moving and visionary business.

In the words of Michael Oglesby: "...we try to run a good business by standards judged across ALL industries (not just the property industry). We ... make sure that our product is absolutely fresh and up-to-date, invest prudently, [and try] to understand what the constantly changing market wants."

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