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KPMG

KPMG Family Business

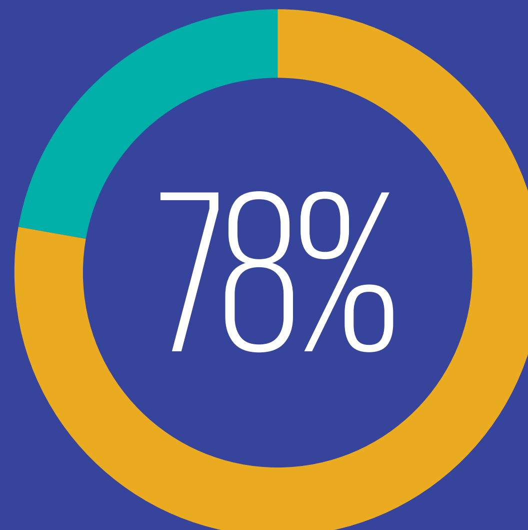
THE GENERATION GAME
Six Irish family businesses share their remarkable stories

THE WAR FOR TALENT
New insights into attracting the best to your business

LEGENDARY LEADER
The rise and rise of David Bobbett

The next generation?

European Family Business Barometer - Ireland Edition



of Irish family businesses are considering passing their management to the **next generation.**

Find out more in the Ireland edition of the KPMG Private Enterprise 2018 European Family Business Barometer.

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FIND INSIDE »»

Your business has a unique element that no other business has – the aspect of the family. This difference can play a significant role in decision-making and offers both opportunities and challenges. We understand that the growth and sustainability of your family business lies in the fine balance between the needs of the business and the expectations of your family members. With its knowledge and experience with family businesses around the world, KPMG Private Enterprise business advisers have worked with companies – large and small – to address the needs of the business, and the family. Key supports include:

- **Succession planning**
- **Family business governance**
- **Growth**
- **Exit strategies**
- **Wealth management**
- **Philanthropy**

To find out how KPMG helps Irish family businesses thrive, visit kpmg.ie. Alternatively, to be connected to a KPMG family business expert, email Alison Cotter at alison.cotter@kpmg.ie.

Giving family and privately-owned businesses the support to grow, expand and transform

Private and family-owned businesses are a core component of the Irish economy. Their enduring success is testament, not just to their drive and ambition, but to their commitment to constantly re-evaluating and improving their products and services. Their passion for what they do is increasingly evidenced by their approach to innovation and their success in new markets. At KPMG Private Enterprise it is our privilege to work with so many of these businesses – many of whom are featured in this publication. We help them to build, grow and transform – often from fledgling, smaller enterprises to full-grown market leaders making an impact here in Ireland and increasingly overseas.

In fact, this commitment to international expansion is one of the themes of our just launched Irish edition of our KPMG 2018 Private Enterprise Family Business Barometer. Our report highlights some unique insights into the main agenda items for family and privately owned business in Ireland and 26 other countries across Europe. We surveyed over 1,500 companies including more than 70 from Ireland.

The hopes, concerns and ambitions of Irish family or privately-owned businesses are in many ways similar to those of our European peers. However, reflecting Brexit-related issues, we, along with respondents in Britain, are much more concerned about geopolitics than our European neighbours. One of the interesting consequences of this is that Irish respondents are among the most likely to be planning further international expansion. Meanwhile, as they look to the future, over three-quarters of Irish family businesses (76 per cent) are considering passing ownership to the next generation. Furthermore, 29 per cent are considering the appointment of a non-family chief executive. From raising finance to governance matters and the often unique taxation aspects faced by such businesses, we work closely with these companies across a range of issues. Our focus gives them the freedom to concentrate on what they do best and the stories, achievements and perspectives of just a small sample of them feature in this publication.

Olivia Lynch
Tax Partner,
KPMG Ireland

Clockwise from top left: Gareth Jenkinson; John Flahavan; Tom Keogh; Maurice Healy; Mike and Pat Glennon; and Conor Gray

What family-owned firms want

What are the main agenda items for family and privately owned businesses in Ireland today?

The 2018 KPMG Private Enterprise European Family Business Barometer report answers this question, with insights gleaned from more than 1,500 responses from 26 countries across Europe, and more than 70 responses from Ireland.

In this article, we focus on some of the most striking findings, while from page 13 onwards, themes from the 2018 report are explored in further detail.

The future is bright

While almost four in five (79 per cent) of Irish respondents are confident or very confident about the prospects for their family or privately owned business in 2019, political uncertainty is cited as a key concern.

Indeed, Ireland's view when placed in the European context proves singular: where Europe-wide, just one in three (36 per cent) see political uncertainty as a 'top three' issue, in Ireland that number rises to almost two in three (or 63 per cent).

Aside from Brexit ambiguity and the growing risk of protectionism, the war for talent is considered a particular issue, eclipsing other challenges such as currency issues and rising energy costs.

Thinking bigger

Ireland is the most internationally minded country, with overseas expansion as a priority.

Almost four in ten (38 per cent) of Irish respondents have increased activity abroad in the past year, in contrast to the postponing of such plans for expansion by respondents in other markets.

Ireland, France and the Netherlands are the most optimistic, while Britain and Germany are far more cautious.

In the longer term, 85 per cent of Irish respondents have investment in international activity in their plans.

Regulation

While topics such as GDPR have had some impact, regulatory concerns sit at a far higher priority in many other countries when compared with Ireland. However, in all markets, many larger businesses are looking at compliance as an exclusive or separate responsibility from their finance teams.

Top five priorities for Irish family business owners in the next two years:

- Moving to new markets
- Diversifying products and services
- Attracting new talent
- Improving profitability
- increasing turnover

The changing face of leadership

As they look to the future, most Irish family businesses (76 per cent) are considering passing ownership to the next generation. Meanwhile, 29 per cent are considering the appointment of a non-family chief executive. However, only 7 per cent plan to sell their business in the next three years.

Almost one in three (30 per cent) of Irish respondents believe that people living longer is impacting on the way they plan for succession.

With founders remaining active longer, we see a more gradual passing of the baton from one generation to the next – resulting in many family businesses refocusing on forms of governance such as family councils to help smooth out the transition.

Achieving priorities

In the context of new markets and diversifying products and services in particular, family businesses have been found to be far more efficient in their innovation processes, when compared with non-family enterprises. ■

Succession planning?

European Family Business Barometer - Ireland Edition

of Irish family businesses believe that people living longer is impacting on the way they plan for **succession.**

Find out more in the Ireland edition of the KPMG Private Enterprise 2018 European Family Business Barometer.

kpmg.ie

CASE STUDY:
BoyleSports

Conor Gray, chief executive, BoyleSports
Picture: Jason Clarke

GENERATION GA

ME

Over this and the following five pages, we profile six up-and-coming Irish family businesses which are making their way in a competitive marketplace

'Our agility has allowed us to compete with the big guys'

The BoyleSports story stretches back to 1982, when its founder (and current executive chairman) John Boyle opened up a single shop in Markethill, Co Armagh. The bookmakers is now the largest independent chain in the country, with 250 outlets. It's also one of the country's best-known family business brands. When Boyle retired from his role as chief executive in 2017, his son-in-law Conor Gray stepped into his sizeable shoes. But there was no suggestion that Gray hadn't earned his spurs.

"Sure, a family connection might get you in the door, but then you have to establish that you are worth promoting," Gray says.

He joined the company in 2001, working in a shop on Baggot Road as a bookmaker's clerk. Prior to that, he spent two years in Deloitte & Touche. He got to see the business from the inside before ascending to management and, finally, the chief executive role. More importantly, he had to prove himself at each level. "I think that's the way it works in many family businesses, at least in the successful ones."

This meant Gray had a front row seat for BoyleSports' unique approach to the recession. Companies all around it were pulling in their horns, acting conservatively and trying to survive the twin threats of recession and the dominant plc bookmakers. However, BoyleSports decided to capitalise on the challenges many of its rivals were facing, and grow – and grow meaningfully.

"It's been a big feature of our business, actually, in the economic downturn we grew more aggressively and grew more progressively than we had done prior to that." This meant hoovering up shops as their owners went under or pulled back.

It also meant heavily investing in a digital product which worked with the traditional bricks-and-mortar approach. The company launched its first website to facilitate betting in 2002, and has been in constant development since then, now across a variety of channels, including a rapidly growing mobile app.

"We've had to approach it very, very intently and embrace it, because there's no getting away from it," he says. "The reality is that customers are very discerning now. If you're not offering them a product that's acceptable, that's up there with the market, then they're not going to transact with you. So, we've had to embrace it really and go after it . . . our agility has allowed us to compete with the big guys."

Online and offline trading have similarities and differences, he says. "It's key to have a wide product offering, at competitive prices. Online, you need to focus on speed of execution. In shops, you need to focus on creating a very pleasant environment."

BoyleSports is in the happy position of being debt-free and profitable, so it can reinvest in the betting products that allow it to keep pace with the giants of the gaming industry. Even if that wasn't the case, Gray is sceptical about the effect of taking on outside investment, which may turn out to be more trouble than it's worth.

"Not having investors who are otherwise unassociated with the business looking over our shoulder means we can focus on what are in the long-term best interests of the company," he says.

"We don't have quarterly targets, and one of our most important metrics is not financial, it's customer satisfaction. I'm not sure that would be possible in some other structures, such as large plcs where the pursuit of numbers is paramount."

While Gray is responsible for running the company, Boyle is a constant source of advice and counsel. The founder remains available to all the BoyleSports team, while staying out of the day-to-day operations of the company.

"He's been in the industry all his life . . . me and him talk at least once every day, even at weekends," says Gray. "He's a phenomenal support and he always has been."

Meanwhile, Gray himself is focused on achieving a long-held ambition of both Boyle's and the company which bears his name – expanding into the British market.

Hopes for a megadeal for a large portfolio of shops arising out of the Ladbrokes-Gala Coral merger were dashed in 2016, but Gray is confident that the company can get its deal over the line. "We're really close to it at the moment, and hopefully this side of the year we'll be announcing in that regard," he says.

Perhaps this goes to show that family businesses sometimes need to reach across the generations to achieve common goals. ■

‘Listening closely to customers is the tool we use to stay on top of the market’

CASE STUDY: Glennon Brothers

Mike and Pat Glennon of Glennon Brothers at the Port of Youghal, Co Cork Picture: Clare Keogh

Not many successful family businesses can trace their roots back to one of their founders disappearing to the far side of the world, never to be seen again, but that’s what happened with Longford’s Glennon Brothers.

One of the state’s most important timber product manufacturers, Glennon Brothers was founded in 1913 by two siblings who returned from the US, having heard the business was for sale. However, times were tough, according to co-managing director Mike Glennon.

“In the 1920s, due to the worldwide depression, they realised that the business wasn’t big enough to support the two of them. They had to make the difficult decision that one brother would go back to the US, never again to return home,” says Glennon.

The brothers were Glennon’s grandfather and grand-uncle. His father, Paddy, who inherited the sawmill plus a 12-acre farm, never took to agriculture, focusing instead on the mill. Over the next 40 years, he built the business before passing it on in the 1990s to Mike, who had followed his brother Pat into the business in 1985.

The brothers have forged a firm working relationship in the years since, growing turnover at the business from €8 million in the early 1990s to €129 million today. “We are lucky in that we dovetail well together, him focusing on production, forestry and capital development, while I handle sales and marketing, finance and administration.

“I passionately believe in developing long-term relationships, and staying close to the customer. I invest a lot of time in this. Listening closely to customers is the tool we use to stay on top of the market.”

The company converts logs into quality timber products for the construction, packaging and fencing sectors. It has grown through organic expansion and now has three timber processing sites in Longford, Fermoy and Arklow.

It has also grown through acquisition, and has bought two businesses in Scotland. Some of the businesses bought by Glennon Brothers were also family-run, and Glennon feels that being a family business gave him a unique insight and advantage when it came to striking the deals.

“Family businesses are well positioned for acquisitions because, frequently, you are acquiring another family business,” he says. “You can get quickly to the heart of the key issues.”

This, Glennon says, sometimes means a more innate and nuanced appreciation of what the business means to a seller.

“Sometimes it’s not all about money; sometimes it’s about the name, sometimes it’s about giving the other family a directorship and I think you can quickly get to the soft side of stuff,” he says.

“I think family businesses are good at sensing that, because they think about themselves in those shoes. But if you are dealing with a plc, they would be much more concerned about the optics, or how it’ll impact the share price . . . family businesses that are skilled in navigating around families can come through in acquiring other family businesses.”

There’s also often a sense of responsibility on the seller’s side to the community that has sprung up around that business. Understanding that, and demonstrating that you understand it, can be key, according to Glennon.

“They want to make sure that you behave well in their community, because it’s in their community that they are operating. And those things become really, really important, and managing them can be every bit as important as getting to the right price.”

When it comes to the next generation, Glennon is more focused on his children’s happiness and self-fulfilment than making sure the mill remains in the family. “I would much rather see my kids happy outside Glennon Brothers, and the company sold, than to see them unhappy running the family business, or trying to fulfil someone else’s dreams,” he says.

However, one working relationship that sums up how family businesses are set apart from the rest, Glennon says, is his marriage. Choosing a life partner, he says, is massively important.

“The line between family and business is very blurred, very often. And I think getting an understanding partner to support you in this, which I’ve been lucky to have, because my wife was involved in business herself, is hugely important,” he says.

“Because the 9-5 rule doesn’t apply, for someone to understand the delicacies of how you play certain circumstances, and how they may take more time than a normal set of circumstances – I think that’s really, really important.”

For family businesses, it seems that one of the most important mergers that an owner will ever make is on the home front. ■

CASE STUDY: Flahavan's

'As a family we are very visible to our employees, and they would be here for many, many years'

John Flahavan, chief executive of Flahavan's

Even for businesses that write their histories in generations, not years, not many Irish companies can hold a candle to Flahavan's for longevity. The company is best known for putting millions of breakfasts on tables around the world, but it can trace its roots back to the late 1700s.

"I'm the sixth generation, and my family are the seventh," says John Flahavan, the company's current chief executive. Being the custodian of a 230-year-old business, he says, is a unique challenge, motivated by wanting to hand it on to the next generation in a better condition than it was found.

He doesn't have to look far for a previous generation whose foresight is still paying off for the company. A water turbine that was installed by his father and uncle still produces power for the company's main mill in Waterford. But the company has expanded massively in recent years, well beyond Irish borders. It is now selling products in 20 markets, as far afield as South Korea and the US. However, Flahavan's is still facing down the barrel of a major event in its most important market.

Selling far and wide still can't make up for the potential impact of a cliff edge Brexit. Flahavan is quick to point out that while other markets are a help, it's very difficult to replicate a nearby market populated by people who know your brand, and whose consumer preferences are similar to Ireland's.

"A lot of advisers or politicians may say: 'Go to other markets.' But Britain is a branded market, it's taken 20 years to build up," he says.

Key to the company's success, Flahavan says, has been recognising that the suite of products offered by the company has to keep changing and evolving as well. Based on painstaking market research, the company has revolutionised its output in a short few years.

"If we look at how the business has developed, if you go back to the late 1990s, 95 per cent of what we were selling was regular porridge oats," he says.

The company made the move into adjacent categories that would cater to the changing needs of the consumer, but retained oats as the core ingredient. In this way, the Flahavan's range of mueslis, granolas and flapjacks was born, alongside a range of convenience foods – especially porridge sachets and quick oats.

This experience has convinced Flahavan of the importance of being ready, willing and able to try new ideas and new markets, even in a business that stretches back centuries. "Go out there and get that experience," he counsels. "If you're in a family company and the only way you know how to do things is the way they've been done for 50 or 100 years, you have to change that perspective and go out and experience the world."

That philosophy was one he encouraged his own family towards as well. Two of his children, James and Annie, work in the business with him, as international business development manager and finance manager, respectively.

He was happy to see them work elsewhere, in London and Australia, before rejoining the family firm. "If they have an outside perspective it's a help, you don't want someone coming in and the only qualification they have is to have a name. If someone can come back in with experience, that's what you want," he says.

While Flahavan is delighted to have his children in the business, he says family businesses should be careful about cajoling unwilling younger generations into the trade.

"We've seen many examples of it in years gone by, from a rural point of view, where people are kept on the farm because they're the eldest son. They may have wanted to be a doctor or an engineer, but they were kept there," he says. "I came directly into the business, but I've encouraged my family to go and work outside the business."

The Flahavan family, he says, is also bigger than mere genetics. When you have a business that stretches back so far, the wider community becomes deeply embedded into it as well.

"As a family we are very visible to our employees, and they would be here for many, many years," he says. "We had one employee here who was 65 and had 50 years' service. He came in after national school and more or less worked here all his life."

There are, Flahavan says, "a number of generations of other families [working on site], people looking back to their fathers and grandfathers".

Flahavan's, it seems, is set to keep changing with the world around it for generations to come. ■

'There's great satisfaction in doing something different to the competition'

CASE STUDY: Jenkinson Logistics

Gareth Jenkinson, managing director, Jenkinson Logistics. Picture: Fergal Phillips

When Gareth Jenkinson's father Neville set up Jenkinson Logistics in 1975, it was something of an all-or-nothing play. He remortgaged the house to fund the start-up, but he had a driving purpose – to be his own boss.

"We had been living in England, he was working for a shipping company back then," Jenkinson says of his father. "He was a bit tired of working for other other people. He had this fierce entrepreneurial fire in his belly, so he decided to come back and start his own company."

The company that he started had limited horizons, concentrating on shipping, but he had always had an eye for innovation – something Jenkinson jr also enjoys. "My father was involved in the first container service between Ireland and England back in the 1960s, and there's great satisfaction in doing something different to the competition."

Since then, the company has evolved from a shipping specialist into road and air freight, and beyond its original base in Dublin to offices in Cork, Shannon and Belfast.

Jenkinson, who now leads the company founded by his father, feels strongly about meeting the challenges of disruptive change head-on with an approach that puts innovation at its core, and plays to the company's strengths – its size, but also its agility.

"The innovative things that we do are likely to be things that we can do because of our size and flexibility, and will relate to enhanced customer service," he says. The emphasis, he adds, is on relationships – both external and internal to the company – and diversification.

"Our business is very reliant on the people who work for us and we try to treat them fairly," he says. "It's through them and their contacts with customers and suppliers that our business keeps on the move. We are not over dependent on any one sector or mode, and cover many sectors. If we see an opportunity we can move quickly," he says.

In common with a lot of second and third-generation business owners, Jenkinson himself didn't move directly into the business, working abroad for a year in each of Germany and France before coming back to Ireland. "I'd recommend gaining plenty of work outside the family business before joining, as I think that helps you find your feet, and also be able to contribute quicker."

Indeed, the outside perspectives that have shaped Jenkinson have not always come from well-travelled family members. Unusually for a family business, when Neville began to step back from the business he founded, he passed the reins to a non-family member.

Gareth Jenkinson thinks this helped smooth the transition between generations. "My father stepped back gradually and for many years there was a non-family MD in place who I took over from in 1990. That wasn't really a planned process, but I think it's certainly something other family companies should consider as a direct transfer between the generations must be difficult."

Jenkinson is less sanguine about the idea of taking on outside investment, which he sees as potentially a poisoned chalice. The company has always been funded from its own resources and bank borrowing, and while outside investment could open up a new level of resources, it may not be worth the risk.

"I think an outside investor is likely to approach business with a different philosophy to ours," he says. "The access to funds could promote quicker growth, but the end game is likely to be a sale which could well end the family's involvement in that business."

For the moment, Jenkinson is focused on bedding down a new IT upgrade – the kind of corporate infrastructure upon which more glamorous successes are built. "It's the engine behind the whole thing, really, to a great extent," he says. "We don't own many assets – our assets, really, are our people and the relationships we have with our customers and suppliers. And the IT platform we would use is the critical part of linking all those three together."

Ultimately, he says, it all boils down to keeping the customer at the centre of things.

"Keeping your customers close is the most vital thing of all. And if you want to grow the business, we've found over the years that if you look after a customer long enough, they'll actually recommend you and become an advocate for you." ■

'When I talk with my children, I tell them that honest hard work will give the desired outcomes'

CASE STUDY: The Healy Group

Maurice Healy, chief executive, the Healy Group Picture: Fergal Phillips

For Maurice Healy, founder and chief executive of the Healy Group, there's no secret to success. But that doesn't make it easy to achieve. "You predetermine success," he says. "All outcomes are up to your effort."

Healy is living proof of this maxim. The business that he founded in 1985 as Healy Chemical is now the Healy Group, one of the state's best-known food ingredient and chemical distributors.

"It was a bad time to set up a business," he remembers. "The world was going through another recession in those years, particularly with the oil crisis." Since then, Healy has never been afraid of change.

From its humble beginnings, the Healy Group has grown rapidly and successfully. It is a significant exporter to Britain, and has operations in the Netherlands, Poland, Shanghai (where it has built a new health and nutritional company) and Singapore. It also recently built a factory in Uganda producing chia seed. In addition to its core business, the company also has its own investment arm, Gainline Capital, which has several food businesses and has taken stakes in a few Irish producers.

But for all its impressive scope and ambition, the Healy Group remains, at its heart, a family business. Healy has four sons, all of whom work at different levels of the company. However, it wasn't always a given that they would work in the family business. Every son left before coming back.

"I believe that they had absolutely no interest in joining the company," Healy says. "It was actually a great migration, the fact that they decided to do their own thing. And all had independent careers before they joined the Healy Group." He adds that it has benefited the company to have a mix of different perspectives and professional experiences, even among the family members who work for the company. "I think they've had that experience to bring with them, different experiences and different approaches to what business is all about."

Those fresh perspectives will be important as the Healy Group grows. A key part of that growth agenda is innovation. The company has invested heavily in an innovation centre in Leicester. As a non-manufacturing entity, the Healy Group needs to show its clients how it is adding value, otherwise it risks losing clients who can always deal directly with suppliers themselves. The innovation centre, Healy says, is all about that.

"We invite at least 100 individual clients to that centre every single month. So it's constantly packed with people actually experimenting with us and we experimenting with them, about what we're creating in the innovation space within the food industry," he says.

The innovation centre has been the birthplace of several new products, including a low sodium salt, which has already shifted 1,000 tons in the British marketplace. It's a globalised product, which is harvested in Chile, brought to Cyprus for refinement, and then distributed around the world.

It may be at the leading edge of the innovation agenda, but the Healy Group also faces some of the challenges that will be familiar to many family businesses, especially integrating family members into the company in a way that works for the next generation, and is in the best interests of the company as well. Key to this, Healy says, is treating family members and other employees equally.

"If you show favouritism, you're going to destroy your business. That's the bottom line and also if the competency of your own family is not leading people that it is going to follow, your staff will leave by natural attrition."

This is also true when beginning to think about handing over the reins to the next generation. "When they begin to show signs that they are interested in succeeding me, you begin a lengthy process which must include additional education and external training." says Healy.

Having good staff, whether family members or otherwise, can prove vital when addressing some of the other unique challenges faced by family businesses, such as taking on outside investment.

When the Healy Group lost a key contract, it had to take on outside investment into its British arm. This opens the door to several challenges, Healy says. For example, he cites the "different culture of the investor, and the expectations and interference in day-to-day management".

No matter the challenge, Healy says that the basic ingredients of success remain the same, and that is the key message he wants to pass on to the next generation, and to other family businesses.

"When I talk with my own children," he says, "I always tell them that honest hard work will give the desired outcomes." ■

'Each of the family has a defined role in the business which plays to each person's strength'

CASE STUDY: Keogh's Crisps

Tom Keogh, managing director, Keogh's Crisps
Picture: David Leahy

Long before the runaway success of Keogh's Crisps, members of John Keogh's family were making a living pulling potatoes from the ground in north County Dublin.

"The earliest document we have is a tithes, or land tax, paid to the local church back in 1832 by a Thomas Keogh, the same name as myself, so we're there a long time," says Tom Keogh, the company's managing director.

For almost all that time, the journey undertaken by a Keogh potato was fairly predictable. "We originally supplied farm fresh potatoes and vegetables into Dublin's Smithfield market, and then ultimately into Irish supermarkets," Keogh says.

The company always had one eye on innovation – Keogh's father and uncle were among the first growers in Ireland to buy a potato washer ("it was like a spaceship arriving on the farm"), so that spuds could be purchased without being covered in clay. They also invested in a cold storage facility, so the risk of a harvest being ruined by an unseasonably warm winter was eradicated. But even those investments in innovation couldn't hold back the tide of changing consumer preference. In the early 2000s, the potato started to go out of fashion.

"People thought they were unhealthy, you know. People's diets were changing, if you think about what happened in Ireland during those years," Keogh says.

The irony, according to Keogh, is that potatoes are one of the few foods you can live on alone, thanks to their high content of Vitamin C, potassium and fibre. Now they are moving back into the mainstream, but after several years of enduring weaker potato sales, the company decided to innovate. "We needed to add value to our core product, and that's where the idea for the crisps came about."

The crisps, Keogh says, have gone "from strength to strength" – not only in Ireland, but in the Middle East and the US, aided in part by a high-visibility deal with Emirates Airlines (secured after a blind taste test) and support from Bord Bia, which Keogh credits for "flying the flag for Irish food abroad". The Middle East has been a particular success, aided by Bord Bia. "Bord Bia opened an office in Dubai a number of years ago, which was greatly beneficial to us as well," says Keogh.

A big part of the company's success in the desert has been among expats. "We started to speak with some retailers over there – it's actually quite a good Irish population over there, you know, a huge expat population. So we supplied our product samples to some customers over there and due to the quality difference, we actually started to get listings."

The company has also focused on social media, which Keogh says has been a massive part of its success. "Social and digital have performed really well for our business, and the reason being is that Irish people relate to people-led businesses," he says.

Social media was small when the company was launched, but ultimately it enabled the company "to tell a story about a brand that was true, and we had consumers that really, really wanted brands they could trust, brands that they could actually see behind and see the provenance and the story behind the brand".

Making that connection via social media has been huge for the company, Keogh says. "I can do a video from the field and say: 'This is us, we're harvesting these potatoes now, I'm going back to the farm, I'm going to make them into crisps. This is the bag of crisps and this is the batch number. Go buy them now'. Very, very few other food businesses can do that, and we can tell that story through social media."

Succession planning isn't something that is currently on Keogh's mind (his eldest child is just three years old), but he does have good insights on managing a business that involves family members working together. "Each of the family has a very distinct and defined role in the business which plays to each person's strength," he says. "This gives us a good structure and allows us to avoid stepping on each others toes when it comes to making decisions.

"Keeping a clear and focused head is so important when it comes to going up against the larger, more commercial operators. A family business is a far more emotive space, so it's important to step back, look at the bigger picture and remain commercially focused." ■

HEAR MORE

Listen to the business leaders featured here, as they share their stories on the Family Business Podcast, available to stream now at soundcloud.com/sunday-business-post

SPECIAL REPORT
European Family Business Barometer 2018

Grappling with challenges and change

Family businesses have had their say in KPMG's seventh annual survey, and the results have thrown up some compelling insights

The results of the seventh edition of the European Family Business Barometer make for fascinating reading.

Our annual survey this year received 1,576 responses from family businesses in 26 countries in Europe including, for the first time, from Ireland. Their responses reveal a continued confidence in the future of their businesses and family ties to the business.

In Ireland and across Europe, family and privately owned businesses face challenges on many fronts. They're engaged in global competition to attract talent with specialised skills. An increasingly challenging regulatory environment has meant they can no longer depend on conducting business as usual. Growing political uncertainty combined with an unprecedented rate of change has left many businesses pondering what could be just around the corner. Despite these factors, family businesses continue to flourish.

Family business owners have traditionally kept an eye on the long term. The new reality requires these businesses to balance their instinct for long-term planning with an agile approach to tackling the latest disruptive innovations. For many, that will mean embracing innovation to forge new paths in new, untapped markets. The foundation of their ability to overcome obstacles and find success will be through leading with their core values.

Over the following pages we'll navigate those key issues, discuss important survey findings and explore innovative ways for Irish family businesses to future-proof their ambitions.

Confidence abounds

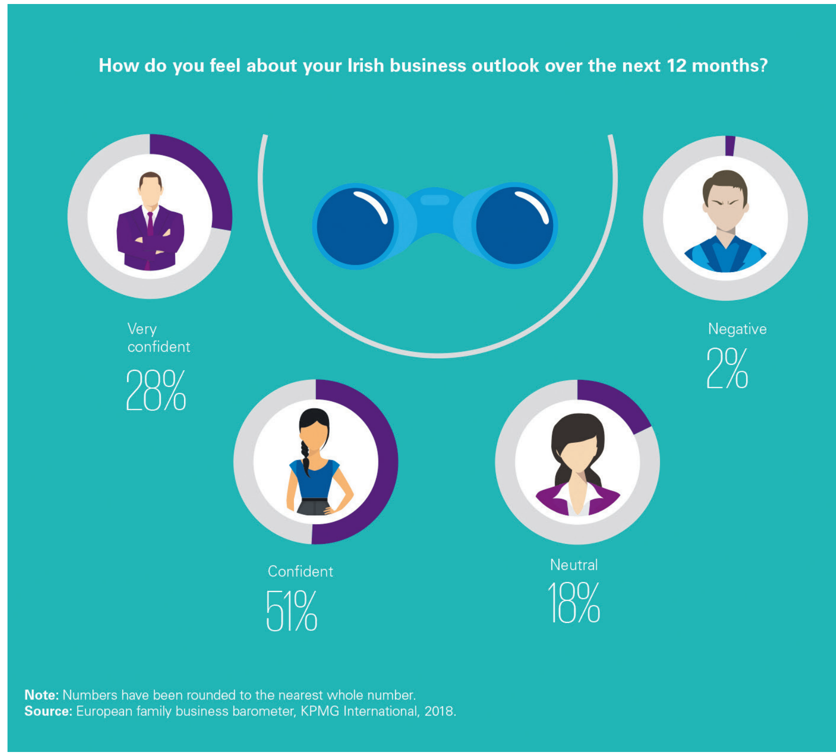
Private and family-owned businesses play a key role in the European economy. However, the significance of their contribution is rarely fully appreciated. Family businesses represent anywhere from 55-90 per cent of businesses in Europe, depending on the country. Their sizes are varied, ranging from small two-person operations to global enterprises employing thousands.

European family businesses have had a strong year of growth and are positioning themselves for further growth over the next 12 months. This, combined with a relatively favourable economic environment has helped to spur the confidence of family businesses and their optimism for the future. In fact, 79 per cent of Irish respondents to this year's European Barometer survey said they were confident or very confident about the prospects for their family business over the next year.

This confidence has been well reflected in the strategic decision-making of European family businesses, including head

In this seventh annual edition of the European Family Business Barometer, European family businesses and KPMG Enterprise explore key issues facing family businesses in Ireland and around Europe and share the perspectives of family businesses on a range of critical topics – including market confidence, growth, and operational challenges.

– Kieran Wallace, Partner, Private Enterprise, KPMG in Ireland



Note: Numbers have been rounded to the nearest whole number.
Source: European family business barometer, KPMG International, 2018.

count increases over the last year. Over 54 per cent of survey respondents said that they had increased their staff complement over the past year, compared to only 41 per cent in 2017.

At the same time, a majority of family businesses indicated they had significantly increased turnover over the past year. In this year's survey, 63 per cent of European respondents said that turnover in their company has increased over the past year.

Driving innovation

Innovation is top of the agenda for many family businesses in Europe. In this year's survey, we found that family businesses are increasingly focused on driving innovation. The pace of change is rapidly accelerating, with new technology causing tremendous disruption across a wide range of industries. Companies across Europe are being pushed to make dramatic changes to adapt to new market conditions and to compete with new business models. Family businesses are rising to the innovation challenge, actively monitoring signals of change and streamlining decision-making.

According to our survey, family businesses are not only thinking about innovation, they are making strategic investment as well. Innovation investments by family businesses have generally occurred as a part of their everyday business operations rather than through decisions made by separate research and development (R&D) or innovation departments.

Entrepreneurship is inherently different for family businesses. Most people associate entrepreneurship with a dominant outstanding individual who builds a business and then sells it. That image does not fit a successful multi-generational family. Instead of the heroic individual, you have a family that takes collective responsibility for building the business and hopefully one day, passing it on to the next generation.

– Ryan McCarthy, Partner, Private Enterprise, KPMG in Ireland

This operational focus should not discount the strategic importance family businesses are giving to innovation. The survey results showed that there is an increasing desire on the part of family businesses to not only be early adopters, but to become leaders who can spur new innovations.

Given that family businesses have had significant success with innovation investments to date, in terms of both their impact and their return on investment, it would not be surprising to see this desire turn into reality.

Confidence and optimism remain strong

European and Irish family businesses remain confident and optimistic about the future, despite the past year seeing its share of political, economic and regulatory challenges. However, overall, 73 per cent of respondents (79 per cent in Ireland) report that they are confident or very confident about their family business outlook over the next 12 months.

Much of this confidence is probably rooted in the success of the past year. Europe wide, more than 64 per cent of respondents reported an increase in turnover. Only 11 per cent of respondents reported decreased turnover in the past 12 months. Spain (74 per cent), Italy (72 per cent) and France (72 per cent) reported the most significant increase in turnover. Ireland had a lower than average reporting of 57 per cent experiencing increased turnover, while Britain, Poland and Malta went against the trend, reporting decreased turnover.

The strength of the European economy probably also contributed to the increase in confidence. The European economy

> *The entrepreneurial success of business families is often overlooked. To have one successful business within a family is already an achievement and passing this on to one further generation speaks volumes on the strength of both the family and the business – but we are seeing something special when success spans over four or five generations. Family businesses know how to endure. They have weathered generations of economic ups and downs. They know how to diversify, change course and keep ahead of the competition.*
>
> **– Olivia Lynch, Partner, Private Enterprise, KPMG in Ireland**

experienced a strong year. Overall gross domestic product (GDP) growth in the 28-member European Union reached 2.5 per cent in 2017 – one of the best periods of growth since 2007, putting Europe just ahead of the 2.3 per cent expansion posted by the US in 2017.

Impeding growth or forcing innovation?

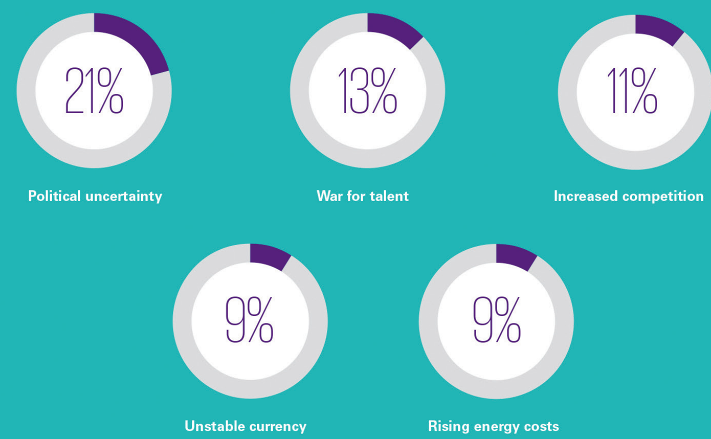
Despite strong economic indicators, challenges are inevitable for any business. Family businesses are reporting concerns in a few key areas.

The war for talent

The war for talent continues to be a top stumbling point. This year, 53 per cent of European respondents identified the war for talent as one of their top three concerns. This compares to 43 per cent in 2017 and 37 per cent the year before.

In Ireland, the war for talent was cited by respondents as their second biggest concern after political uncertainties and ahead of issues such as increased competition and increased labour costs.

The most important issues for Irish family and privately owned businesses



Note: Numbers have been rounded to the nearest whole number.
Source: European family business barometer, KPMG International, 2018.

Non-traditional and technical roles, which are of paramount importance for driving innovation and helping family businesses compete in the digital economy, are proving to be particularly troublesome. The specific skill set these positions demand may not be available within the family and may be difficult to find through traditional training and development, forcing business families to look outside to fill these roles.

While this is a natural occurrence as the business grows and matures, it can pose challenges on a number of fronts. On the one hand, family businesses are forced to compete against large and attractive employers for talent. On the other hand, they have to consider the impact on the family when they decide to pass over family members for what might be perceived as attractive positions.

International expansion

Geopolitical and economic concerns around Brexit and increasing trade tensions with the US are a concern for many family businesses. Across Europe, many respondents report the postponing of plans for international expansion.

However, in this year's survey, 38 per cent of Irish respondents said they had actually increased their activities abroad over the past year, most likely reflecting both expansion plans and a desire to reduce dependency on the British market.

Results naturally varied by company size, with larger companies having a much stronger focus on international expansion as part of their growth strategy. Many large family businesses are better positioned to experiment with expansion – while smaller companies continue to take a more cautious approach to ensure they have considered all of the implications and have a plan firmly in place before making the move.

Looking to the longer term, 85 per cent of Irish respondents indicated that their strategic plan included investments in internationalisation.

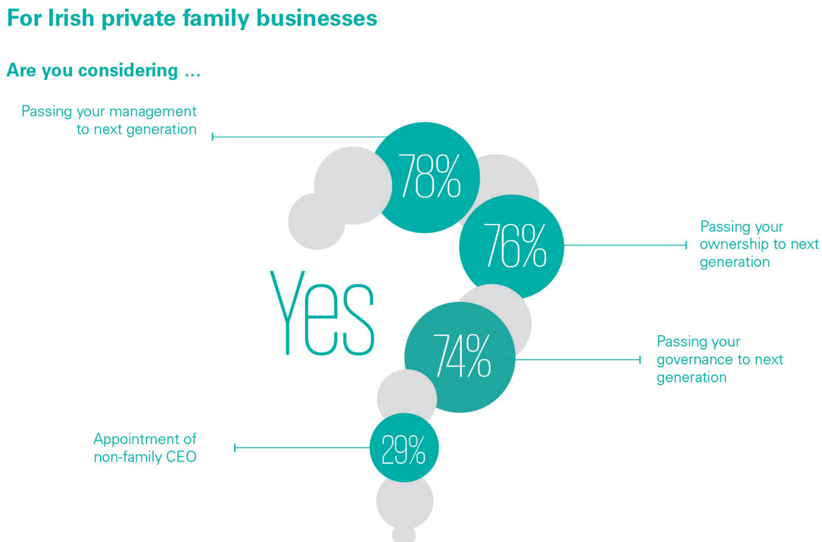
The regulatory environment

The regulatory environment continues to be a concern for family businesses. The introduction of the General Data Protection Regulation (GDPR) and Open Banking (PSD2) are two of the most notable examples that have had a significant impact on organisations doing business in Europe.

The impact can be seen in this year's survey, with 32 per cent of European respondents identifying regulatory change as one of their top three concerns compared to 28 per cent last year and 21 per cent in 2016. On a country basis, respondents from the Netherlands, France, Germany and Poland showed the strongest concern. However, Ireland showed lower levels of concern, with only 8 per cent of respondents placing regulation as their top concern.

As regulatory requirements increase, larger family businesses are moving away from relying exclusively on finance teams to monitor and ensure compliance. Instead, many are setting up or expanding separate compliance departments, tasked with the role of responding to regulatory changes.

There has also been an increase in the number of board positions focused



on varied areas of compliance to ensure the company is following required regulations.

The changing face of leadership

As they look to the future, most Irish family businesses (76 per cent) plan to pass their business on to the next generation. Meanwhile, only 7 per cent of respondents reported having plans to sell their business in the next three years.

Generations working together for longer

Founders are staying involved in the company well beyond the traditional retirement age, with many working into their 70s and beyond. These businesses are having to adjust to multiple generations of the family working in the business at the same time for a longer period. Almost one in three (30 per cent) of Irish respondents believe that people living longer is impacting on the way they plan for succession.

This reality is pushing younger generations to seek different, yet meaningful, roles within the company for the opportunity to leave their mark, including roles that may change the overall nature of the business. Many are focused on introducing new values to the business that enable social and charitable contributions. They are also looking at ways to diversify the workforce and hiring talent that share similar values.

Planning for the future

The ability of family businesses to stay ahead of the innovation curve will ultimately be determined by how they compete in the aforementioned war for talent.

> ***This year's survey revealed that 29 per cent of Irish family businesses are considering hiring an external chief executive. As family businesses grow, it becomes increasingly important for them to reach out beyond the family, to find the additional skill sets they need. This is particularly true in the case of highly specialised roles in areas ranging from digital innovation through to key roles at the production or assembly line level.***
> **– Alan Bromell, Partner, Private Enterprise, KPMG in Ireland**

Most are not struggling to hire labour or unskilled workers – rather, they are challenged to find the skilled talent they need to succeed as the digital and technological world evolves and customers demand change.

Many Irish business owners recognise their vulnerability in this area, with 13 per cent of respondents identifying the war for talent as their top concern.

In addition to bringing in the right talent, family businesses continue to recognise the strategic importance of innovation and technology.

In this year's survey, 85 per cent of Irish respondents said their strategic plan includes investments in innovation and technology.

Family businesses today are looking for new ways to ride the crest of the innovation wave and avoid being swamped so that they can continue to grow their business and provide prosperity for generations to come. Their desire to invest in innovation, coupled with their entrepreneurial experience, positions family businesses strongly to lead economic change and industry innovation.

Reinvesting in the business

Many family businesses have long taken a unique approach to financing: namely, preferring to reinvest their core business without seeking outside financing.

While this protects them from a certain level of risk, businesses that employ this approach run the risk of stunting growth by limiting the equity available for expansion.

This year, 91 per cent of Irish respondents indicated that their strategic plan included investment back into the core business.

Financing innovation may be falling to the next generation of leadership, as they look for ways to maintain control and fund the company.

The path ahead

While the European economy has enjoyed several years of improving con-

Strategic plan priorities for Irish respondents:

ditions, change may be on the horizon. Europe's economy lost momentum in the first half as expansion slowed from France to Britain, threatening to undermine the global growth the continent previously helped to power.

Meanwhile, trade tensions with the US are having an impact on economic growth in Europe.

The EU has cut its forecast for economic expansion in 2018 to 2.1 per cent, down from 2.3 per cent in May. Despite a strong performance from the Irish economy, external factors have the potential to impact negatively on growth.

Building for the future

Family businesses provide an important indicator of the overall health of the economy and optimism in Ireland and across Europe. Although they are not monolithic entities with the same worldview, they can be used as a barometer for things to come.

When they anticipate difficult times ahead, they take precautions to reduce their risk, as can be seen in their plans for international expansion. On the other hand, their investment in technology and innovation show an overarching optimism for their plans as the economy changes.

Though they are often characterised as being slow to react to change, many have survived from generation to generation because they apply an entrepreneurial approach to their day-to-day business.

There is ample evidence that family businesses are paying attention to trends and looking for the right level of innovation that will help them succeed in the future.

They are reporting a desire to invest and focus on innovation, increase turnover and profitability and attract and retain top talent.

While confidence remains steady, the path ahead may see slower economic growth in Europe as Brexit-related political uncertainty continues.

How they react to these factors will determine the fate of the next generation. If the past is any indication, these business owners will be hard at work shaping their future.

Rather than rest on their successes, family businesses look for new ways to move forward.

In good times, they wisely reinvest in their businesses. In difficult times, they push through with resilience and perseverance that will see them flourish in new ways. ■

The full European Family Business Barometer 2018 findings can be found at home.kpmg.com

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KPMG Private Enterprise: Excellence for Family Business

As with your family, your business doesn't stand still – it evolves. Family businesses are unique, and KPMG Private Enterprise Family Business advisers understand the dynamics of a successful family business and work with you to provide tailored advice and experienced guidance to help you succeed.

To support the unique needs of family businesses, KPMG Enterprise coordinates with a global network of member firms dedicated to offering relevant information and advice to family-owned companies. We understand that the nature of a family business is inherently different from a non-family business, and that it requires an approach that considers the family component.

Visit kpmg.ie for more information

Innovate to survive

Ken McCracken works with families in business and family offices to improve their overall family and business governance and helps them to plan for effective transitions in ownership and leadership. Here, he provides expert insights on innovative thinking in the family business environment

"The most pressing priorities for family businesses across Europe over the next two years are improving profitability and increasing turnover."

This information is taken from the 2018 Family Business Barometer, an annual survey of European family businesses conducted by KPMG. In order to improve profitability and increase turnover, business families in Ireland need to focus on becoming more innovative and attracting new talent. However, family businesses will approach these challenges differently to other types of business.

Innovation in family businesses

Family businesses are not often celebrated for being innovative. The dominant image is of a conservative business that is steadfast to tradition and slow to change.

This is a lazy stereotype that must be laid to rest in order to have a better-informed discussion about innovation in family businesses. For example, a report from Forbes magazine in 2015 claimed that more than 50 per cent of the most innovative firms in Europe are controlled by families. Also, successful family businesses, and especially those which have been around for many generations, must be doing something innovative in order to stay in business.

Many of them have a long-term investment horizon that acts as a natural catalyst for innovation. If you want your family business to be around for future generations, you need to be thinking constantly about what type of business you'll be in decades from now.

If a family wants to remain in their current industry or sector, they will innovate in relation to the systems and processes they use in business, while never departing far from their core activity. Other families will innovate by diversifying into new types of business, while for some continuity will involve selling their existing business and starting again, with something new.

Research into how family businesses

innovate has discovered that they tend to invest less in R&D but get better returns. In other words, they innovate more by spending less money. This sounds like a good approach, especially when a family is risking their own capital on innovation rather than spending money provided by external investors.

The research also explains that while family firms usually take longer than other businesses to commit to innovative change, once they do it they implement it quicker. The speed of implementation is probably due to the lack of bureaucracy in many family businesses, so once they decide to go for it, they go for it.

But what about the sense of tradition and legacy that is so important to many family businesses? If you think innovation always means disrupting the past to make way for the future, family traditions that are tied to the past could easily be seen as getting in the way.

The alternative view, however, is that family businesses are good at leveraging their past in order to create something new. They often make sure that their history and sense of tradition is promoted to customers as a competitive advantage; their branding is "you can trust us because we're a family too", which none of their non-family competitors can match.

Attracting new talent

Talent could come from either inside or outside the family.

Since the possibility of family members joining their business is predictable, a family who want to be in business together and still enjoy family life should have a policy on employing family members. This will create a clear pathway for family members who want to join the business and mitigate the risk of conflict.

Purpose of the policy

Any family who want some of the family to be in charge of their business would adopt a 'family first' policy to encourage family members to join. On the other hand, a family who wish to hire the best talent they can afford would state that their policy is 'business first' and hire family only when they are the best candidate for a job.

Another key decision is who constitutes family for the purpose of the policy. Are spouses and partners included as a potential source of talent, or will the policy apply only to bloodline family members?

What jobs are available?

It is helpful to distinguish between different jobs because talent can be managed in different ways. For example:

- Families often encourage the rising generation to take part-time/casual/summer work in the family business, without much formality.
- The policy may also be relatively relaxed about family in non-managerial full-time positions.
- However, business-critical appointments will be more carefully controlled and usually be the main focus of the family employment policy.

What qualifications/ experience must family members have?

The policy could state that certain jobs require a degree or equivalent qualification, or require family members to work outside before returning to the family business. This could include specific targets, like achieving a promotion in an outside job.

Appraisals

The interview and appraisal processes and grievance and disciplinary procedures should be considered carefully. Should a direct relative of a family member participate in these decisions or should responsibility be given to someone who is not a family member?

Remuneration

Sometimes, discussions about pay between the senior and younger generations (if they ever take place) become confused by the notion that "one day this will all be yours", which is mixed with the message from the seniors that "we made sacrifices in our day".

The result can be a lower current salary for the younger generation, with vague promises about riches to follow.

This is often a source of aggravation between the generations, and so it is better to approach the subject on the grounds that either remuneration is the rate for the job, or family get paid a bit more, since more is expected of them.

Promotion

The policy might say that next generation will only be promoted if they are the best person for the job concerned. This meritocratic approach might have instinctive appeal, but the family needs to guard against gaps between rhetoric and reality. If, in practice, there is a discernible 'family fast-track' in operation, it is counter-productive to pretend otherwise.

Hiring externally

A family needs to be level-headed about the talent in their gene pool compared to hiring externally. If a family wants to hire outsiders, they need to promote their strengths in order to win in the war for talent: strengths such as stable and sustainable business growth and low levels of staff turnover.

They also need to offer attractive packages often without giving non-family employees any share of ownership. This can be done through arrangements that pay bonuses based on performance that is carefully focused on achieving the overall return on investment that the family seek through being in business together.

Family businesses have many advantages when it comes to facing the challenges of innovating and recruiting talent. However, these strengths need to be orchestrated very carefully in order to achieve the best overall result for the family and the business. ■

Ken McCracken is Head of Family Business Consulting for KPMG in the UK

A legendary leader

David Bobbett started his career at KPMG and today leads H&K International, a global leader in services to the restaurant and retail industry. In conversation with **Tom Lyons**, he reveals his remarkable career arc from office junior to business titan, and explains why company culture is the key to sustainable business

David Bobbett, chief executive, H&K International Picture: Fergal Phillips

David Bobbett recalls the five years he spent with KPMG at the beginning of his career with much fondness. Despite failing five sets of accountancy exams, he credits the experience as giving him the grounding to lead H&K International. The global leader in providing integrated equipment and services to the restaurant and retail industry, H&K is quietly one of Ireland's biggest enterprises with sales of $500 million a year.

Bobbett says he learned his business basics as a graduate working for KPMG years before joining H&K. "What accountancy gave me was an insight into the whole area of planning, controlling, organising, the focus on process, the meeting of deadlines and the ability to work with a team to get a job done," he says. "It was a fantastic environment, and one I thoroughly enjoyed!"

Bobbett, who grew up in Rathfarnham in Dublin, did not expect to work with H&K for long when he started there in 1985. The business had just lost its financial controller and was struggling. He was asked to help out for an initial ten days, which became six months and then right up until the present day.

H&K was at that time a $100 million business globally, with Ireland accounting for about $10 million of its sales. Its biggest client was McDonald's, which it had followed into Europe in 1978.

The driving force of H&K in its early years was a Canadian plumber named Bill Griffiths, who took charge of the company after a McDonald's manager asked him to take it over when it ran into trouble.

H&K had ended up based in Ireland by chance after Griffiths bumped into an IDA executive on a long-haul flight, who convinced him to choose Dublin over London. "Bill really followed wherever McDonald's went," Bobbett says.

Bobbett joined H&K at the same time as a dynamic engineer and manager named Brian Ranalow. "Brian brought the professionalism that was required in the business. He subsequently became the chief executive and he later became, and is currently, our chairman."

Bobbett worked his way up though the business alongside Ranalow, whom, he describes as his mentor. In 2002, they led a management buyout of the business and Bobbett became managing director of H&K Europe, with Ranalow as overall boss.

Ten days after the buyout, McDonald's announced it was not planning to open any new outlets. "It was a frightening time," Bobbett recalls.

Having borrowed $40 million to fund the MBO, H&K now had to borrow another $10 million to keep going. Bobbett was forced to close its manufacturing plant in Dublin. "We had to make some hard, hard decisions. I still get goose pimples thinking about it. It was the hardest decision we had to make."

With 85 per cent of H&K's business gone overnight, it had to reinvent itself. It diversified and deepened its relationships within the restaurant industry, until things turned around.

"Looking back, I think that it focused our energies into the development of the business as it is today," says Bobbett.

Today, H&K employs 2,000 people and has 13 manufacturing distribution operations around the world, as well as 25 sales offices. "We supply 20,000 restaurants on an annual basis in 80 countries, which serves ten billion customers a year," Bobbett says. Major clients include Burger King, Subway and McDonald's.

As the years passed, there were other buyouts, and Bobbett's stake rose from 1 per cent in 1996 to 100 per cent today. He moved from leading operations to become chief executive.

He would not, however, describe himself as an entrepreneur. "I've skills, but I would never be the entrepreneur. I've an extraordinarily good team, and I listen to what the team says and I take many of their ideas and I'm able to prioritise their ideas. I'm very much an operations person," he says. "My skill-set really is about the culture: no bullshit, no theory, no ego, no politics."

H&K has the ability to adapt to consumer dining demands. "There is a move towards offering more choice . . . customisation. It is about being able to cook to order with fresh product," says Bobbett.

Movements towards healthier eating, he says, are another big trend H&K has worked with its customers to adapt to. He says he is proud to see how Irish beef makers and companies like Kerry Group have also been able to grow as they have, working with multinational restaurant groups.

H&K's success, he says, is driven by service. "It's the ability to simplify things, it's the ability to get major projects done

and speak to the market," he says. "We had $94 million of inventory at the end of October, so we have the ability to respond and the ability to go to market, offering a total solution."

H&K, he says, has moved into new areas furniture, lighting and project management and is always looking to offer for more. "Our customers are looking for a total solution, they basically would want us to nearly build a restaurant in the future," he says.

"It is about offering a quality service, which is not a commodity offering, which is seen as supporting the brands and doing more and more for our customers."

H&K operates around the world with big operations in North America, Europe, Australia and the Middle East. "We were just awarded the Japanese business by McDonald's which requires us to refurbish 3,000 restaurants over the next five years," Bobbett reveals. "It is just in time for the Rugby World Cup, so that is a huge opportunity!"

H&K does business in China via a subcontractor, but Bobbett says it is a difficult market to make money in.

What advice would he give entrepreneurs? "I just always did the best job I could do. I was never the visionary in the business. All I know is that execution and performance, with a strong culture of people working together, led to better results."

Bobbett says that in his earlier years with H&K, he had often acted as a troubleshooter in the company, allowing him as chief executive to better anticipate how to avoid problems. "I enjoy getting things right and having an organisation that's focused on growing and developing and being a private company," he says.

"When you see a business grow, when you see a business get involved in so many new areas, when you see a business get to a $500 million business, and focusing on more value added than commodity areas, when you see a business developing with a great group of people, that is a joy."

Bobbett says that by nature he was a defender rather than a striker. "We are a team playing together. I enjoy seeing the team going out there scoring goals, but I would not be the person who's doing that."

Company culture, he says, is critical to success. "Everyone clearly understands the rules, clearly understands what's the expectation. And people enjoy that,"

Having a team that has stayed with the company has also helped, he says. "We've a new management team coming forward. And it's just nice to have that, to see that team develop. And to give them further opportunities.

"We are a team working together, which means you achieve so much more than having just individuals out there. So I think that we're very strong on having that team culture throughout the organisation.

"This is an Irish-based, Irish-owned, Irish-run business in a worldwide industry. It's not in the sexy industry, but we have made ourselves into a significantly premium supplier in terms of the value added parts of what we develop."

Bobbett says he has no intention of selling the business and is proud of the new generation of management rising through the ranks. "I wouldn't want another company coming in and knocking the stuffing out of what we've built for 30 years. I'm delighted the new management team will get opportunity, going forward. The shareholding they're going to get is going to materialise in maybe ten years' time, or whenever they move to the next stage."

Outside business, Bobbett also funded Widowmaker, a documentary about heart disease. It is a silent killer which a simple scan could warn people about, potentially saving many millions of lives. "More people die of heart disease than all the cancers combined," he says. "And there is a test that tells you whether you've heart disease or not."

Bobbett has invested millions in a charity to encourage people to be tested for the risk of a heart attack, rather than just waiting for one to happen.

He became interested in the area after he realised that he had a high risk of having a heart attack, despite being outwardly healthy.

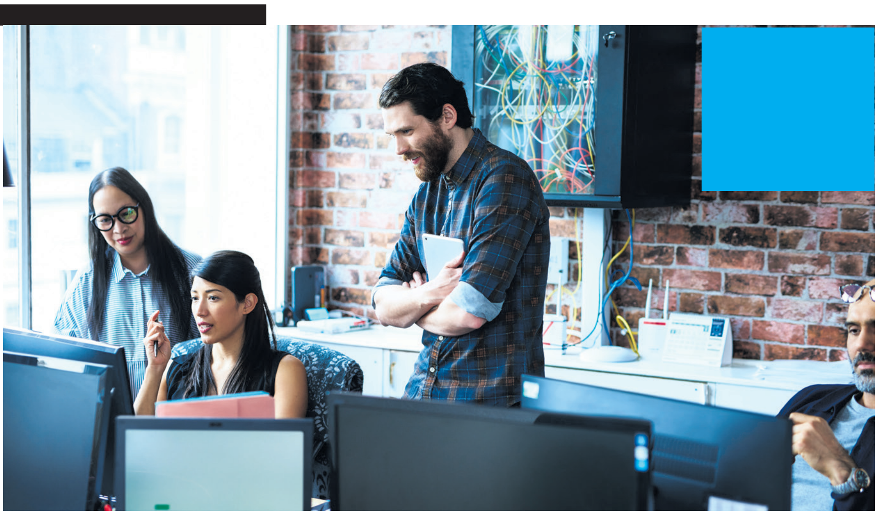
"I've been able to stop the disease progression. Once I was given that basic information [about the risk of a heart attack], it allowed me to manage my outcome."

In the US, his documentary is on Netflix, and more than one million people are estimated to have taken a heart test as a result of increasing awareness.

Leading H&K, Bobbett says, is intensely satisfying. "This is an Irish multinational. I will do a world tour in January: I fly to Chicago, we've 50 people there. I go up to Toronto, we've 50 people there. I go down to Dallas, we've 250 people there. I go to Mexico, we've 700 people there. I come back up and I go to Sydney, where we've 75 people. I go from Sydney to Japan, Osaka, where we built up our team to 50 people, but we'll be growing that to 100 people."

And after all that, it's China, Indonesia and England before arriving back in Dublin.

"You do all that in two weeks. It's a global organisation," Bobbett says. ■



A forum that's a way forward for family firms

FBN Ireland is the forum for Irish families in business committed to engagement, sharing experience and the development of knowledge. Here, its director general **Yve O'Driscoll** introduces the Irish chapter of the Family Business Network International

The Family Business Network International is the world's leading family business organisation. FBN provides a shared learning space for enterprising families to flourish across generations through the exchange of excellent, innovative and impactful practices. Founded in 1989 and headquartered in Lausanne, Switzerland, it is a global network of some 3,600 business-owning families across 65 countries.

FBN, uniquely, is a not-for-profit and a non-solicitation organisation. It is inclusive, involving family members from across the generations, whether or not they currently work in the family business. It exists to share best practice and knowledge, and to promote the case for family business towards a more sustainable future.

FBN is about the interests of the family, as distinct from the day-to-day business issues. It encourages multi-generational thinking to reach consensus and to avoid conflict on ownership structures, succession planning and stewardship. In a confidential environment, families discuss maintaining family values and aspirations; the rights and responsibilities of shareholders and philanthropy.

The Irish chapter of Family Business Network was established in 2013 by such families as the Cartons, Roches and Musgraves, who all saw the value of sharing within the community of family-run enterprises the knowledge that families uniquely build up.

Michael Walsh, chief executive of Woodford Capital Management Limited, serves the board of FBN Ireland as president. He brings a wealth of knowledge and experience to the organisation and greatly understands the importance of recognising and balancing the needs of the business with those of the family.

He is joined on the board by Vincent Carton, managing director of Carton Bros, and Mark Scally, who is financial director of his family's business, the Hayfield Family Collection. Mark is especially interested in engaging Next Generation family members in the FBN network.

Philip Mackeown, a founding director of the Family Business Network Ireland, and Bill O'Brien, chairman at O'Brien Fine Foods, serve the board in advisory capacities.

Why FBN Ireland is different

FBN is a non-profit and non-solicitation organisation. Surplus is reallocated back for the membership, who are not permitted to seek commercial gain from the network.

The FBN network operates across generations. It is the only family business organisation with a specific intent and dedicated resource aimed at the Next Generation (18 to 35-year-olds).

FBN Ireland is a part of an international forum. The FBN has in excess of 10,000 members from more than 3,200 family companies, organised in 29 national or regional associations around the world.

The FBN network represents 25 years of shared family experience. The network contains the accumulated knowledge within and among its members.

Confidential exchange and peer-to-peer learning are carried out. All activities within the network are governed by our values to facilitate the exchange of insights and knowledge between members.

Value-added research for family businesses. The network sets out to discover and foster practical research relevant to the issues faced by families in business.

Supporting sustainable and successful family businesses for the future. The network has long-term goals and aspirations.

Who should join?

The Family Business Network Ireland is intended for family business owners, family members both active and inactive in the business, and next-generation family members. Membership benefits include:

- The sharing of first-hand direct experience with other families in business that have faced, or are facing, similar challenges associated with family ownership.
- The opportunity for non-active family members and current or future shareholders to discover and understand for themselves the challenges unique to family business and the practical ways to address these over time.
- The opportunity for senior non-family board members and/or directors of single family offices, to engage and understand at first hand the challenges faced by family members and owners.
- The opportunity to engage with peers within a confidential environment of non-solicitation. ■

For more information on FBN Ireland membership, upcoming events and news, see fbnireland.ie

The FBN Executive is headed by director general Yve O'Driscoll. Email yve.odriscoll@fbnireland.ie, or call 353(0)86-0411831 FBN Ireland, 13 Merrion Square North, Dublin D02 HW89; fbnireland.ie

A family affair as KPMG hosts event for family businesses

Succession, strategy and psychology were just three of the themes discussed at the KPMG Private Enterprise Family Business Insights event last Tuesday evening.

A capacity crowd convened at the James Joyce suite in Bewley's on Grafton Street to network and to glean insights from a six-member panel of Irish family business leaders, in a lively discussion moderated by Anton Savage. Maurice Healy of the Healy Group, Harry Hughes of Portwest, Tom Keogh of Keogh's Crisps, Conor Gray of BoyleSports, Mike Glennon of Glennon Brothers and John Flahavan of Flahavan's were joined by Ken McCracken, head of family business at KPMG in Britain, to explore the challenges and opportunities unique to family business owners.

The conversation was then opened to the floor, with each guest also receiving a copy of the KPMG European Family Business Barometer 2018. To conclude, Yve O'Driscoll, director general of FBN Ireland, explained how the organisation she leads supports Irish family businesses to survive and thrive in the modern business environment. ■

For more on upcoming events, see kpmg.ie

Ken McCracken and David O'Flynn

Tom Keogh, Harry Hughes, Pat Flahavan and Ken McCracken

Anton Savage and Maurice Healy

Mike Glennon of Glennon Brothers (centre) shares family business insights

International expansion?

European Family Business Barometer - Ireland Edition

of Irish family businesses have included **international expansion** in their strategic plans.

Find out more in the Ireland edition of the KPMG Private Enterprise 2018 European Family Business Barometer.

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