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# Welcome to the Family Business



By Morten Bennedsen , The André and Rosalie Hoffmann Chaired Professor of Family Enterprise at INSEAD and Academic Director of the Wendel International Centre for Family Enterprise

**Family businesses have to align their values and expectations with the external hires they bring in to help manage their companies. Incoming executives should also have the freedom to run with their own ideas.**

Eva Fischer Hansen is one of the family members of Brunata, a Danish company founded by her father over 20 years ago, specialising in clean tech metering systems giving collective building owners the means to fairly bill individuals for their energy consumption. In today's world of soaring energy prices, this has to be a good business to be in. For consumers and the planet's resources alike, there are obvious advantages to ensuring individuals are better able to manage the heat and water they use.

Brunata had been managed solely by family members until two and a half years ago, when the company's heads realised that in order for the firm to achieve its international growth plans (it's currently operating in more than 15 countries within Europe, the Middle East and Asia), they would benefit from outside expertise. This started the search process for their first external management team member. During a recent interview, Fischer Hansen

explains, “When we were trying to come up with new ideas it could be hard because often (discussion felt) like criticism instead of a constructive way of working – [when you’re siblings] you don’t hear what’s being said and there’s a lot of feeling in how you receive the words. We came to a certain stage where we could see that we needed some other competencies and people who were not part of the family to deal with these issues in a more professional way.”

Enter Michael Staal, an accomplished executive with over three decades of experience in start-ups and turnarounds across several different industries. Staal was attracted to Brunata for many reasons. Firstly, he appreciated that Brunata recognised there were certain organisational issues which needed to be solved. Knowing from experience how important it is to build an organisational foundation, he encouraged the company’s executives to create strong teams.

Describing his position, he explains, “My role was to manage the company through a transition – a *safe* transition – into a very interesting future – a future with aggressive growth opportunities and a future with a new governance structure in the company.”

### **Devotion to a cause**

In order to achieve this, both Fischer Hansen and Staal appreciated Brunata’s founder, Jens Peter Fischer Hansen, should be consulted and implicated in the transition process. Staal explains, “Many family companies have a strong devotion to a cause which you have to understand. Brunata’s cause is to provide fair cost allocation on heat, water and other supplies. The family has a very strong belief in the meaningfulness of providing this service [...] You have to respect that. You cannot just drive for profit or just drive for growth in such a company – you have to take care of the basic mission that this company has.”

Fischer Hansen was therefore fully involved in selecting the new CEO (with the other family members) and continues to play an instrumental role in the company’s strategic decisions as chairman of Brunata’s board of directors. With Eva Fischer Hansen as the board’s vice-chairman and her brother and sister part of the firm’s top management, what room does this leave for Staal, as CEO, to run the company? Family members and Staal agree his role is all-important. And, so too, do Brunata’s employees – but only after a period of him proving his worth.

## **A new strategic direction**

“You have to prove through action, and not just through a speech to the employees, that you have power within the company,” Staal explains. “We worked on some changes within the company that I introduced and which, it was obvious to employees, weren’t coming directly from the family. We needed to prepare them for change. I encourage them to look at change not as a threat but as an opportunity for the employee.”

In due course the employees understood the company culture was indeed changing, for the better. “We have taken that as maybe the most important indicator that the new CEO has a role, that he has an impact.”

As the new CEO, Staal’s footprint shows how he has been able to reorient the strategic direction of the company to concentrate on customer service without losing focus on the importance of the metering technology. Crucially for all parties involved, the key values of the firm have been protected. The benefits for the individual in reducing their energy bills by 10-40 percent and the benefits to society in reducing resource consumption and CO<sup>2</sup> emissions remain a key part of the Brunata story.

## **The family’s voice**

With three externally recruited board members who joined Brunata in 2013, the top table has certainly taken on a different dynamic. But with nine nephews and nieces possibly looking to join the company over the coming decade, the family’s interest in the long-term sustainability of the firm remains strong, “I think our work in the last two and half years has definitely not ended,” Eva Fischer Hansen notes. “While we have our hands on this, we have to finish it as well so we can make it easier for the next generation.”

## **Shared values**

The succession story for Brunata has run smoothly, thanks in no small part to the new management structure promoting a culture of open dialogue. Prior to starting the search for the new CEO, family members were aligned about what demands they had: the new team member had to build the company with them but most importantly he/she had to have the courage to challenge them. Staal, on the other hand, knew that it was important for him to work for a company that had strong beliefs and an understanding that they were doing good for their customers and for society. He was looking for a firm who

had issues to be solved and who had the courage to learn from outside help.

By daring to learn from and trust each other, the long-term future for Brunata is looking assured. Their experience should serve to prove that when hiring a new management team, companies should be thorough on matching more than just business competencies and qualifications. Family businesses, in particular, can benefit from shared values and beliefs around the top table - and the reassuring news is that the power is your hands.

***Morten Bennedsen*** is Professor of Economics and Political Science at INSEAD, The André and Rosalie Hoffmann Chaired Professor of Family Enterprise and Academic Director of the ***Wendel International Centre for Family Enterprise*** as well as Co-Director of the Hoffmann Research Fund.

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#### **About the author(s)**

**Morten Bennedsen** is a Visiting Professor of Economics at INSEAD. His main research area is the governance of family firms and other closely held corporations in a global context.