

EXPERIENCES

Investing in R&D and internationalisation to escape the crisis

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At European Union headquarters, a group of experts is currently working on defining support programmes for family firms. One of these experts is Jesús Casado (MBA 2007), Secretary General of European Family Businesses and the only Spanish representative in the Group of Experts on the Transfer of Businesses, created to adopt measures over the next few years to support all those companies that have to prepare a succession plan.

The organisation representing family firms in the European Union strives to change the way family companies are seen, underscoring their importance for the Union's economic and social development. The organisation is primarily attempting to convince EU authorities that a company's size is not a sufficiently valid criterion with which to classify and define it. Rather, authorities have to especially take the concept of ownership into account.

Family Business Transformation: What intrinsic family firm traits play in their favour in times of crisis, in the times we're currently experiencing?

Jesús Casado: Their more prudent attitude from a financial point of view definitely works in their favour. This evidently works in favour of family firms due to their long-term vision and because they have to transfer their legacy to the following generation; they're always more prudent from a financial perspective.

Secondly, they're companies which, precisely because of their link to the local community, don't need to convince their people about the need to change the country, and so they get support from the local community. A company that's traditionally linked to the local community is going to have more support from suppliers and clients than a multinational which can decide to leave from one day to the next.

FBM: ... And what traits work against them?

Jesús Casado: Precisely these special bonds between the company and the people they hire. The bonds tend to be much stronger than that in non-family firms, and family businesses have a much harder time firing people. I think this is a virtue, but, often, in times of crisis, firing people is necessary to be able to continue earning benefits over the short term and thus be able to slow down the recovery rate.

FBM: How do authorities in Brussels see the reforms adopted in Spain?

Jesús Casado: In Brussels they see that Spain has a 26% unemployment rate and very profound weaknesses in our economy. But, at the same time, from a political point of view, they appreciate the efforts the Government is making to remodel the banking system and labour market.

What they sometimes criticise is the pace of these reforms. But, in general, the reforms and the steps taken are seen positively in Brussels.

FBM: How do they see the role family firms play in economic recovery?

Jesús Casado: With respect to family firms, they're seen as a strength. Europe is wagering heavily on SMEs. Unfortunately, they insist on talking about SMEs, but European Family Businesses is working to position family firms specifically as strength. Many family-owned companies are SMES, but not all of them. And, if we only look at the issue of size, we're leaving out many other aspects related to the structure of ownership.

FBM: In terms of family firms, what measures is the EU adopting to support them?

Jesús Casado: Two important things are being done at the European level to support family firms.

One is the work group, the Group of Experts, to which I have the honour of belonging, representing Spain.

The group was created to talk about business transfers, to take measures to support all those companies that have to prepare a succession plan over the next few years.

The second is a series of measures and programmes called Horizon 2020. The aim is to provide direct financial aid to European SMEs and, as a result, family firms.

The 2014-2020 budget for these programmes is going to increase a lot.

FBM: German family firms are registering their best data ever, exceeding even that billed by non-family firms. What can we learn from them?

Jesús Casado: The German case is very important because, compared to Spanish family firms; the German companies have a significant advantage: they are larger on average. By being larger they have the ability to do two things which cost the much smaller Spanish family firms a lot to do, that is, invest in R&D. I don't mean to say that Spanish companies don't do it, but that it is much harder for smaller companies. Second is the question of internationalisation.

German family firms have both of these firmly rooted in their DNA, and they represent something Spanish family firms should invest in to escape from the crisis.

FBM: What role does transformation play and how important is it for family firms?

Jesús Casado: For me, transformation represents change, but profound change, not simply a cosmetic or superficial one.

It implies a radical change, something we see as fundamental in these times of crisis to be able to continue doing what we did before but differently, ensuring better results.

Transformation is a special measure which companies have to give serious thought to in order to be able to overcome the crisis.

FBM: What has your experience studying at ESADE provided you?

Jesús Casado: The first thing was giving me the confidence I didn't have before when making decisions. The second thing is that it provided me a series of ways in which to think and it broadened my horizons in certain areas that I didn't have experience with. And, lastly, it provided me with a very broad contact network.