A Comparison of Family Business in the Czech Republic and Canada

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Bachelor Thesis

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ABSTRAKT

Má bakalářská práce se zaměřuje na problémy, kterým musí rodinné firmy v České republice a Kanadě čelit. V teoretické části je úvodem vysvětlen pojem rodinné podnikání a jeho rozdělení dle typologie a kultury vedení. Dále zmiňuji kulturu a hodnoty, které utvářejí specifické prostředí v těchto firmách, kloubící dohromady rodinnou a podnikatelskou sféru. V dalších kapitolách věnuji pozornost historickému vývoji rodinného podnikání jak v České Republice tak i v Kanadě a jak ho jednotlivé události ovlivnily, až po současnost. Velká pozornost byla věnována také výzvám, kterým musí rodinné podniky dnes čelit a jaký postoj zaujímají k nástupnictví a k vedení podniku. V analytické části na základě vypracované teorie a rozhovoru analyzuji situaci ve firmě VEST a v Kanadské firmě Nature’s Path. Pomocí SWOT analýzy zhodnotím situaci v obou rodinou vlastněných a řízených podnicích a navrhnu řešení, které by odstranily slabé stránky obou společností.

Klíčová slova: rodinné podnikání, podnik, Kanada, Česká Republika, nástupnický plán, hodnoty, majitel, kultura, generace

ABSTRACT

My bachelor thesis is focusing on problems that have to family companies in the Czech Republic and Canada face. In the theoretical part is defined the term family business and its categorization according to typology. In the next chapter are mentioned terms such as culture and values, which creates specific environment inside family firms and mix together family and business sphere. In my thesis is also described family business in historical perspective and events that affected development of this form of entrepreneurship in the Czech Republic and Canada until today. Attention was paid to challenges that have to family companies face and what is their attitude to succession and leadership of the company. Based on the interview with the family members involved in the company and theory, is analyzed situation inside Czech company VEST and Canadian company Nature’s Path. I used a SWOT analysis based on four figures. Purpose of my analysis is to use one figure, in this case weakness, and provide suggestion how to eliminate it.

Keywords: family business, company, Canada, Czech Republic, succession plan, values, culture, owner, generation

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CONTENTS

INTRODUCTION

Family-owned companies played, play and will play a crucial role in the world economy. Advanced countries such as United States, Canada or Sweden know the importance of family business and its contribution to business growth, employment and GDP. Furthermore, they provide support in the form of legislation, data and counseling. In the Czech Republic is family business viewed as a normal entrepreneurship. There are almost no surveys or studies dealing with this form of business neither special legislative.

Despite the fact, that Canada and Czech Republic are different countries, development of the family business in late years had similar direction. Majority of companies in Canada are due to a political situation in 1980’ to 1990’ in the first generation as well as in the Czech Republic. First generation of Canadian and Czech family firms reached an age, when they have to think about future leadership and ownership. A comparison of the Canadian and Czech Republic family-owned companies demonstrate an importance of generation transition and why almost one third of those companies don’t survive this process. Canada understands this step very well compared to Czech Republic and majority of Canadian companies have a succession plan. Absence of such an important plan is weakness for the company and might led to an end of the entrepreneurship.

I purposely chose a Canadian company that has fewer weaknesses and a good business strategy in contrast to the Czech one, which is not the best one neither the worst, but could improve its business strategy by eliminating weaknesses and applying suggested changes. This work is describing current situation in the both family-owned companies, comparing them and suggesting changes. How they are managing challenges, if they have succession and business plans, describe their values and culture. The output of my thesis will be comparison of both companies and suggestion what they might do better.

I. THEORY

1 FAMILY BUSINESS

1.1 Defining a Family Business

Despite the fact that definition of the family business is in every book slightly different, family business have some important common features. According Koráb, Hanzelková and Michalisko (2008), there are the most important criteria that are used in the literature such as the percentage of ownership, chairmanship, involvement of multiple generations and the will to turn business over to family successors. They define family entrepreneurship on three levels, wide, middle and narrow.

- Wide definition is describing family business as the effective strategic chairmanship. Another aspect is that business is priority of the family.

- Middle definition describes family enterprise as a company owned and established by a family member and in addition this person has voting shares.

- Narrow definition is defining family business as an enterprise that exists long enough to experience more generations and successors. Family is directly operating business and one or more family members own this company.

Another simple definition was written by Odehnalová (2011). She describes family business as an entrepreneurship that owner consider as ”his” with intention to pass the company to the hands of his or her and often employs more than one family member. It could be direct family members or in-laws. The biggest difference between family-owned company and non-family owned company is, that one or more families have influence on company policy through ownership and are long term oriented, compared to non-family ones, which are in general short time only-profit oriented. Disadvantage of family companies is possibility that all the family problems based on emotional level are reflected inside company environment, what directly affects constructive problem solving process.

Odehnalová (2011) demonstrate this difference in the model of circles. Model of two circles characterize family and the company as a one unit blending together. Family goals are based on emotional perspective, inward orientation, not so many changes policy and self-development. On the other hand, business goals are outward orientated with many changes, profit, training and specific intent. Cross of two circles describes clash of the family goals covered by family business goals covered by company.

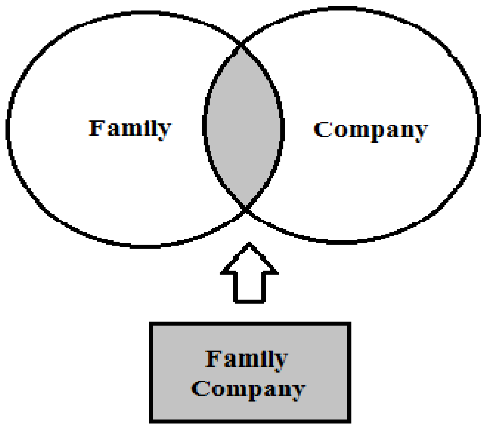

Figure 1. *Two circle model. Source: Odehnalová (2011).*

Isaacs, Lobracio and Singer (2011) present model of three circles. Three circle version is in addition dealing with ownership. There is no neutral position in the company. Family members are managers, owners and not involved relatives. By the word neutral is meant that there is no position in the firm, which is not affected or supervised by family members.

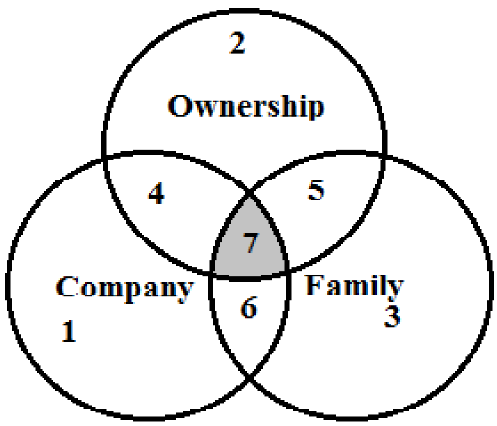

Figure 2. Three circle model. Source: Isaacs, Lobracio and Singer (2011).

1. Family members who are not involved in family business.
2. Owners and non-family members who do not interfere into the business.
3. Employees who just work in the business.
4. Family members and owners who do not work in the business.
5. Owners who run the business.
6. Family members employed in the company but have no ownership.
7. Family members who have ownership in the business and work in the business.

1.2 Typology of Family Companies

Structure of the family company is unusual. In the business is every single decision based, shaped and changed by family relationships of the owners. According organized principle are family-owned firms divided into the three types: Parental, Marital and Cousin (Hesková and Vojtko 2008).

Parental Company

Leading role of the boss is usually taken by one of the parents, in most cases by father. Culture of the company is strongly influenced by his attitude. Literature describes three types of parental approaches.

- Father is strong authority, though his style of driving business is Authoritative.

Authoritative parent has majority interest in the company. His attitude towards challenges and changes is conservative and he demonstrates his power through wealth. This type of leadership has advantage, because organizational structure is well arranged but there are setbacks. The biggest disadvantage is reflected on his successors, they have no sense for independent actions, decision making and are in the role of subordinates.

- The bad example of the driving family business is protective type.

Protective type creates dependence of successor on the company. Descendant is spoiled and is not fully involved in leading process. He has all the possible benefits despite the fact that he does not deserve it. After generation transition is company in the hard situation, because successor has no experience and knowledge essential for running a successful business.

- The best possible attitude is democratic.

Democratic parent sees his descendant as a potential successor of the business, but on the other, he gives him freedom in decision making and in his future chooses. He always counts with the possibility that his son or daughter can choose different career outside the company. Descendant usually go through all the positions within the family company is involved in decision making process

Marital Company

Basic member and owner of this company is marital couple. Literature recognizes two possible types of marital company. Company is established by the already existing marital or company is established by the one member and then next one joins the company after wedding. There are three existing combinations of the driving business within this type of the company based on the relationships of both partners.

- Company is led by the one member and second one is only in the role of the helper. For example husband is making all the decisions and run the business and his wife is helping him with the logistics, advertising or accounting.
- Both partners are equal, with usually the same education level and have the same competitions.
- One from the couple is fully committed to the firm and second one only joined company because of economic reasons. This position is described as an artificial and partner has tendency to focus on different goals, for example, speaking of woman, family.

Cousin Company

In this company work together all the family members such as husbands and wives or descendants except of parents. At the first stage is family company successful because they usually all have the same vision, but later on literature describes tendency to breakup. Reason is unclear definition of competences or inflexibility to deal with unexpected challenges. Potential problem can be also lobbying, family members take their own employees what often leads to lowering hiring standards or avoiding to family conflict during evaluation process of staff. (Hesková and Vojtko 2008).

1.3 The Values and Culture of the Family Business

1.3.1 Culture

According Hofstede (2001), culture is the sum total of thinking, feeling and reacting. In other words, culture is created by values, ideas and other symbolic-meaningful systems which together shape human behavior and perception of the certain subject or object. Environment inside the company is described as an organization or corporate culture and are constructed by holistic, historical and social aspects. Culture inside the family-owned companies is unique, because of a frequent emotional bond with their employees and family members. Family entrepreneurship is mix of those two cultures.

Hesková and Vojtko (2008) recognize in their publication four different family company cultures.

- ***Paternalistic culture***

Paternalistic is the strictest one. It is hierarchically structured and owners or founders keeps all the power and decision making rights. Leading family members are hardly interested in employee's ideas or suggestions.

- ***Laisses-faire culture***

Liberal culture has similar features as paternalistic, but is more open minded. It shows more trust to employees and gives them decision making rights. This culture has its downsides. Sometimes non-family employees and family ones do not share the same vision and values, what might cause problems.

- ***Participative culture***

This culture has totally different attitude. Relationships are friendlier. Family shows the trust to employees and encourages them, to improve their talent and independence. This culture is very rare, because family might lose its control over important activities.

- ***Professional culture***

Company hires external professional managers and leaders. This culture is similar to ordinary non-family competitive companies without emotional involvement focused on profit.

1.3.2 Values

Values shape our day-to-day lives as well as life and run within a family company. The most common definition describes value as a broad tendency to prefer certain states of affairs over others. Majority of people have simultaneously values that are in conflict and the same situation is in mixing together family values and business values (Hofstede, 1984).

Bik (2011) in his guide for family governance claimed, that shared vision and unity are the most important things in both realms. Family enterprise has strong values rooted in member's emotional bonds, blood ties and shared history. In other words, values are glue that sticks family and business together, help withstand challenges, shape employees behavior and create competitive advantage of family firms. The most essential ones are respect and wholeheartedness, involvement, social commitment, honesty, trust, loyalty, long term thinking, common sense, continuity and good governance. Challenge is to find common ground and effectively blend family goals and business goals to create a successful and healthy family business environment.

Aronoff and Ward (2011), show differences between family and business goals and why is important to have strong common ground what is in other words environment in family-owned company.

Family Goals		**Business Goals**
Opportunity for all members		Hire and promote on merit
Pay to support well-being		Pay for performance
Equality		Meritocracy
Hire family	**Common Ground**	Seek best qualified applicant
Family leadership succession	**Shared Values**	Open to nonfamily
High dividends		Reinvest capital
High profit		Rapid growth
Safety and security		Risk-taking for growth

1.4 Family Business in Course of History

1.4.1 History of Family Business in Czech Republic

Czech Republic had to face many historical twists like on-coming of foreign nobility families, 1st World War, 2nd World War, Totalitarian regime which was strictly against all activities concerning any kind of undertaking and finally Velvet revolution. The first model of family business as we know it today was the activity of big mansions and farmsteads owned by rich noble families. For example, Rozmberk family owned mansions and fish ponds in south bohemia, but they couldn't manage their expenses what often lead to the extinguishment of their legacy or they had to take loans from the state treasury. On the other hand there were also successful noble families like Smiricti in 16th-17th century. They were considered for the most successful noble families in the central Europe speaking of managing family business. Smiricti were focusing on agriculture and brewery until 1948, when the production was stopped (Odehnalová 2011).

1.4.1.1 The Industrial Revolution

This era was essential for shaping family business as we literally know it today, for example in 1865 was established family worldwide known company Petrof, main manufacturer of pianos, in 1794 it was family liquor company Becher, in 1894 came Baťa, who started shoe-making business and finally in 1859 in the field of heavy industry Skoda. Skoda was and still is one of the biggest central Europe manufactures of cars. Becher, Petrof , Baťa and Skoda are still continuing in their (Odehnalová 2011).

1.4.1.2 First World War

First World War affected Czech industry and business in positive way. Czech country was part of Austria-Hungary whereas 60% of industry was focused on Czech land. At war times dominated textile and shoe manufacturing industry. In year 1921 begin Waldes his button company. However, due to war period, we can see rise of heavy industry as well. Rate of light and heavy industry was 70:30 (Odehnalová 2011).

1.4.1.3 First Republic

In the foreground was heavy industry like Skoda, which has more than 30 000 workers. Later on in 1921, was Czechoslovakian industry revitalized. Company which managed to survive those hard times was the family company Bata. Thanks to the brilliant business plan and cutting prices policy, was Bata the leader in this field of business. Firm support of Czechoslovakian industry was well trained working force (Odehnalová 2011).

1.4.1.4 Second World War

In 1939 was Czechoslovakian pre-war industrial progress was stopped. Big companies are changing production. Bata and Skoda are working for German army and producing military supplies and products such as planes, rockets, tires and naval guns (Odehnalová 2011).

1.4.1.5 Totalitarian Era

Right after establishing totalitarian regime, all factories, all family business enterprise and free market economy was socialized and centralized. This was dark era for family business and independent enterprise. Owners were hunt down by political regime, often imprisoned and many of them escaped to western countries Family traditions were destroyed by nationalization of their property. By the end of the 1948, 95% employees are working for the state sector (Hesková and Vojtko 2008).

1.4.1.6 Velvet Revolution

After a long time of the business depression became in 1989 Velvet Revolution, end of the totalitarian regime. This was the opportunity to reestablish run of family business companies. This process of giving-back companies to its owners was called restitution. However, there were setbacks as old technologies and machines, original manufacturing programs were scatter across whole country and the biggest issue was the buyback price. Financial situation of the families with long family business tradition was bad. Many of them had to face debts and competition. Majority of today family companies were established after Velvet Revolution and basically had no debts and setbacks. On the other hand, some family companies continued in their tradition. Typical example is piano manufacturer Petrof. After a long and financial demanding restitution, in 2001 family again took control over this company (Hanzelková, Koráb and Mihalisko 2008).

1.4.2 History of family business in Canada

First working settlement was French Quebec, established in 1608, following a pattern of existing Jamestown. Industrial and economic development was significantly slowed down by arguing about land with colonizing nations and also with Indians. The biggest and most important date was year 1739 when Britain defeated France in war of colonial dominance in new world and also in Europe. This affected development of Canadian early business. Homesteads and farmhouses built by first generation of settlers were torn and burned down, so beginning of family business was destroyed right after the first generation. Another milestone was constitutional act accepted in 1791. This act divided Canada into 2 parts, Anglophobic Upper Canada in South and French speaking Lower Canada in North. Colonists set up agriculture farmsteads, started to trade with natives and enlarge the settlements (Jindra and Rovná 2000).

1.4.2.1 Second Generation of European Settlers

Jindra and Rovná (2000) describe birth of Canada as a result of war between Britain and America in 1814. In Europe was Napoleon war and crisis, therefore Canada was ideal place where to start new business and where escape from unpleasant situation in Europe. This was begging of successful family businesses in Canada, supported by immigration, construction industry and free land.

One of the most successful and still operation family companies was and still is Molson’s Brewery. John Molson, brewer, banker and steamship builder in 1786 used his parents' legacy to become sole owner of a small brewery in Montréal. In 1816 he took his 3 sons into partnership, including John Molson, Jr, as John Molson and Sons. Molson must be counted among the most prominent entrepreneurs in Canada during the first third of the 19th century (Kearney and Ray 2002).

1.4.2.2 Union of Upper and Lower Canada after 1840

In the early 19th century was family subject of the biggest importance. Cities were still growing what encouraged construction business. Family farmhouses were focusing only on grain and barley production, what led later on to set up distillery and brewery family business. In 1851 John H. Sleeman started brewery business and this company is still one of the most famous Canadian brewers, and furthermore still under ownership of Sleeman great-great grandson (Kearney and Ray 2002).

In 1885 Canadian Pacific Railroad connected colonies and positively affected business development and economy. At the end of 19th century was Canada oriented on farms producing beef and other agricultural products. Canada had policy which positively affected local enterprise and family corporations (Jindra and Rovná 2000).

1.4.2.3 World War I and a Great Depression

Jindra and Rovná (2000) describe beginning of the crisis as a withdrawn of British investments to Canada industry because of war. This led to big unemployment and end of immigration wave from Europe. When war ended, Canada in 1920' became biggest world producer of grain, world wanted Canadian grain what led to building-up industry at all levels. Canada were full of big factories, mines and lumberjack camps what opened new work positions and government again open immigration free status. This bright era ended up by crisis on NY stock market know as Black Friday.

1.4.2.4 World War II

This conflict had almost the same development as a First World War, but Canada was in better situation. Canada was ally of Britain and when Hitler took control over west Europe and cut Britain of Europe, Canada was the only ally and trade partner. Canada negotiated good trade conditions with United States and Canadian economy was again prosperous and situation for family companies was in favor (Jindra and Rovná 2000).

1.4.2.5 Post War Era

50% of Canadian industry was in hands of the United States owners. This negatively influenced Canadian economic growth and every U.S financial depression was reflected on Canada as well. From late 60's to 80's was Canada led by life-wind party. Majority of business was in the state or U.S possession. This led to bankruptcy of smaller family-owned companies. In agriculture, it was around 130 000 farms. This situation and displeasure with political acts led to strikes. After a new government in 1980, Canada adopted policies that helped achieve more economical development (Jindra and Rovná 2000).

After 1980, Canada was again in strong fiscal situation, with great predictions for the future. A government was focused on growing domestic economy by low interest rates and competitive tax treatment, what led to entrepreneurship recovery (Nadeem and Tarig 2004).

2 PRESENT SITUATION OF THE CZECH AND CANADIAN FAMILY ENTERPRENEURSHIP

2.1 Challenges for the Family Business

According Grant (2011) family-owned businesses face many specific challenges and issues that come from the overlap of family, ownership, and management systems. When the family business owners were asked: "What issues is the greatest difficulty for you?"
They responded:

- Resolving conflicts among family members who are in the business.
- Formulating a succession plan including education of the family members.
- Developing a strategic business plan and export to foreign countries.
- Developing a retirement and estate plan.

2.1.1 Conflicts between family members

As time goes on, family business grows and more family members are usually involved. This can be of course an advantage, they are trustworthy and loyal business associates motivate to success because of financial rewards, but on the other hand, this situation can resolve in conflicts. These conflicts are psychological and are hard to eliminate. It is usually clash of the goals and values, especially between generations supported by the conflicting personalities. Different personalities are often demonstrated via sibling rivalries. Compensation can also lead to the conflicts. The only way how to precede those conflicts is write down fair compensation plan in the presence of all family members, what is link to the last problem and it is reluctance to plan. Generally senior business founders are not interested in articulating or sharing the vision and their long-term business goals such as succession plan or business plan. In this case can the owner vision get lost or blurred. Planning tends to be informal (Grant 2011).

2.2 Family Business Succession

Family business succession is the process of transitioning the management and the ownership of the business to the next generation of family members. The transition may also include family assets as part of the process. Generation transition is one of the most important strategic phases of the company. Without any preparation or a good succession plan is almost impossible to successfully pass the company to the next generation. According researches, more than a half of family companies don't survive the process of the first generation transition. The most common problem is underestimating transition process. Council agencies are suggesting that this process of the preparation can take more than 10 years including four phases based on the psychological and also practical point of view (Hanzelková, Koráb and Mihalisko 2011).

	Senior owner	**Junior successor**
Phase 1	Antipathy to pass the company.	Antipathy to take over the company.
Phase 2	Realizing the inevitability of the transition process.	Get over the aversion.
Phase 3	Transfer of the company.	Take-over of the company.
Phase 4	Retirement.	Leadership.

Figure 3. *Four psychological phases. Source: (Hanzelková, Koráb and Mihalisko 2011).*

The most important question is what path owner takes. The options are:

- End entrepreneurship
- Sell the company
- Put on charge professional manager
- Pass the company to descendant

When the owner wants to pass the company to his descendant, he should prepare, in the best case, with the help of professional counsel agency, succession plan (Hanzelková, Koráb and Mihalisko 2011).

Even if the succession plans varies and every counsel company has their own strategic advice dealing with this problematic, succession plan should consist of seven fundamental points. Hanzelková, Koráb and Mihalisko (2011), described succession plan in seven points, that should owners of the family business meet, before they retire.

- Timing of the right moment for the planning. Senior should start slowly crumble away and let his successor to raise confidence and trust within the company. Peers can be reluctant to accept and help “boss son” early in his career. There should be also enough time to observe impact of this process on the family.
- Make a draft. This eliminates all the misunderstandings. Draft should contain future style of leadership, legal aspects, financial situation of the company and possible psychological impacts on the family.
- Educate and train family members who will be involved in the new leadership of the company. For this stage is also used term grooming.
- Define and regulate relationships based on two different systems of values, family and business. Senior should make clear what is important for company and for family and built up common ground which lay bedrock for decision making process.
- Force all family members involved in family company to take active part in creating succession plan. Present pros and cons and what might happen if generation transition goes wrong.
- Awareness that every position needs appropriate person, in other words is important to avoid hiring family members who are not qualified or lack the skills and abilities for the organization.
- Create financial safety for senior and prepare him emotionally. This can be done by developing a retirement and estate plan. He is not leaving only tangible assets but also a social standing and values.

2.3 Council Agencies

Isaacs, Lobracio and Singer (2011) in their publication describe managing the family business as a not easy goal which should not be underestimated. This is where professionals might help. The main goals of those advisors companies from which can family-owned companies benefit are:

- Survival and growth of the business
- Preservation of personal and family wealth and family harmony
- Minimization of estate and income taxes
- Preparing for the next generation including succession plans
- Confidence in the marketplace with creditors and bankers
- Creating business connection with other family entrepreneurs

The biggest counseling companies operating all over the world are listed below.

CAFE - Canadian Association of Family Enterprises

This not-for-profit association was established in 1983 in Canada with vision to connect peers of family business and share experience. Their objectives are to educate, build a network of family business owners throughout Canada and provide professional support for family members with goal to successfully pass on the legacy of their business on to the next generation (cafecanada.ca 2014).

FBCG – Family Business Consulting Group

Established in 1994 Chicago, FBCG have more than 2 300 client families in 70 countries. They are guiding family business clients through the process of continuity of enterprises for future generations or building comprehensive strategy and competitive advantage (thefbcg.com 2014).

FFI – Family Firm Institute

For over 25 years, this institute is aimed to education and training of the family members and inspiring professionals who are employed in the family companies. Their biggest goal is to achieve a global cooperation program for family enterprise (ffi.org 2014).

2.4 Czech Family Business Nowadays

Unfortunately, there are not enough studies describing situation of family-owned and operated companies in the Czech Republic and also no legislation dealing directly with family enterprise at all. In the Czech Republic are 786, 2 thousand enterprisers in the field of family business out of the total number 937 thousands enterprisers, what makes around 70-80%. Majority of studies were taken in the North America and Western Europe, because they realized, that family business, as Proffesor Koiranen European specialist on family enterprise said: “is spine of economy.” This claim supports international Enterprise Research Academy, showing that family firms make 85% of all companies in the European Union and around 60 % of GDP, especially in Italy. According this survey, Czech Republic can be categorized among the countries in the central and Western Europe like Germany, Poland, Netherlands or France, however numbers of people employed by family enterprise are missing. (Odehnalová 2011).

Country	% of family companies	GDP
Germany	60%	58%
France	60%	45%
Netherlands	74%	43%
Poland	60-80%	60% (estimated)
Czech Republic	70-80%	60% (estimated)

Table 1. Table 2. *Family business and its contribution on GDP. Source: (Odehnalová 2011).*

Due to the Velvet Revolution is majority of Czech firms in the first generation and now face a big problem, passing the business to the second generation. Czech Republic has no advisors, associations or professional assistance companies for owners of family business, where they can ask for guidance in this process or any advice for example, how to deal with death of owner, succession planning or face to long term challenges oriented on non-profit policy, which could help improve company public relationships. Only one third of family companies survive this stage and only the half of this third successfully passes the company to the third generation (Hesková 2008).

2.5 Canadian family business nowadays

In Canada, family business companies comprise about 80-90% of all North American enterprise and generate nearly 45% of GDP (Poza 2010).

They are employing about half of the Canadian work force and exactly the same situation appears in the United States (K.J. Alderson 2011).

Country	% of family companies	GDP
Canada	80%	45%
United States	90%	57%

Table 3. *Family-owned Canadian companies and their contribution on GDP. Source:* (*K.J Alderson, 2011*).

Despite the fact, that Canada is in comparison with the Czech Republic large country with different historic background, different market and different challenges, statistics have very similar figures. The biggest difference between situation in Canada and Czech Republic is that Canada is aware that family companies are driving force of their economy and healthy environment for business development based on good values. This awareness led Canadians to establishing professional family business associations and counsels such as Canadian Association of Family Enterprise, The Family Business Counsel of Canada, KPMG Enterprise Centre of Family (cbc.ca 2014).

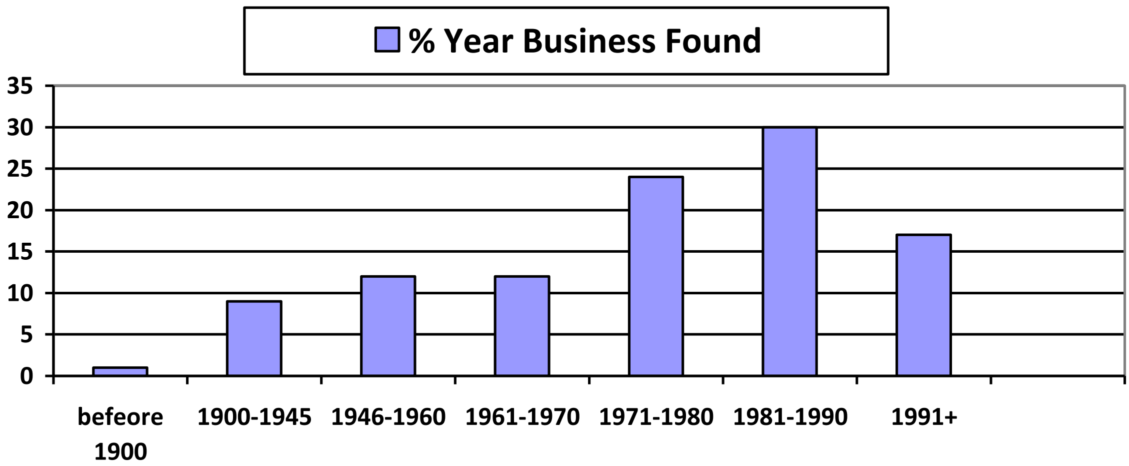

Table 4. *Year business found in Canada.. Source: (accounting.uwaterloo.ca)*

II. ANALYSIS

3 OBJECTIVE OF THE THESIS

3.1 Purpose of the work

Goal of the analytic part is to analyze current situation in the both family owned companies and compare them. How they are managing business challenges mentioned in the theoretical part, if they have succession and business plan and describe their values and culture. The output of my work will be comparison of both countries as well as both companies and implement what they could learn from each other and suggest them advices.

3.2 Reason of the choosing VEST and Nature's Path

Reason why I chose Czech company VEST is that I know owner son for a long time. I witnessed their transformation from the small garage to a growing company with a strong position on the local and also international market. My motivation for the choosing of the Canadian company Nature's Path is, that I was in Canada for a year and I saw, that their business is based on the healthy values, social corporate responsibility and structured business plans supported by council agencies. I found that Czech Republic should learn and adopt some of the Canadian family business practices.

4 METHODOLOGY

I chose a qualitative method of interviewing for deeper understanding of environment inside both companies such as relations between family members and their values and goals. This method also helped me to identify and define culture inside the company which is based on family relations. My research was executed in a family-owned company in Zlín, Czech Republic and in Richmond, Canada. Czech company is called VEST and Canadian one is Nature’s Path. Both companies provided to me sufficient information except financial data. Permission to write this thesis was given to me by the leader and owner of the Czech company Stanislav and by Canadian PR manager James R.C Smith whom I interviewed.

4.1 Collecting the Data

All the necessary information was gathered by structured interview. I prepared important questions for the owner and a leader of the family company VEST Stanislav and for his son Tomáš. This interview was performed personally with both mentioned family members in their office. I chose this method, because I thought, it would be the most suitable option in that case. Structured interview is the case, when interviewee is asked a couple of prepared questions and interviewer is writing down exact answers.

The same interview was sent to a Canadian company Nature’s Path. This interview was answered by a public relationship manager James R.C Smith via electronic correspondence. I could not reach an owner Arran, neither his family directly, but James R.C. Smith ensured me, that he will gather all necessary data.

Both companies refused to share financial data.

5 ANALYSIS

5.1 Family-Owned Czech Company VEST

5.1.1 History of VEST

Family owned company VEST was established after the Velvet Revolution in 1991. They began as a small enterprise in their house as a supplier for local convenience stores and pubs. Company is registered as a natural person, legally owned by Jana. Stanislav is Jana's husband and was her husband when the company was established, therefore he is liable for all potential debts, but on the other hand, company is their common property. Stanislav's brother Kamil, who was by that time 28 years old, enters a company in 1996, when they opened first baking line in Bohuslavice u Zlína and started producing salty cracker sticks. Kamil is a PR manager without company shares. Name of the company is acronym of the owners surname and the Czech name of their first product, **VEST** is **VE**čerkovy **S**lané **T**yčinky. First products were either salty or cheese cracker sticks, packed in the popular and well-known hexagonal 150 gram paper box. This product created big consumer base what led to relocating of the company to bigger place.

The biggest step of the company, what completely changed this small bakery into the big firm, was in 2000, when company moved to a bigger hall located between Zlín and Malenovice. This changed VEST from a small company, employing four non-family and three family employees into the big firm employing more than 30 employees. Production plan was extended by salty mini pretzels and fish shaped mini crackers.

In 2011, company bought another building, next to the old one and added new products made from phyllo pastry. Today, is company employing more than 50 employees and is successful exporter of more than 50 % of their production to foreign countries such as Slovakia, Italy, Netherlands, Austria, Hungary, Great Britain, Albania and out of the European Union also to Taiwan, Libya and kosher products to Israel. VEST Czech business partners are the biggest supermarket chains such as Kaufland, COOP, Makro, Tesco, Albert and Billa (vestzlin.cz 2014).

Family Tree

1991

2 Family members,

Jana (51 years old) engage in business as a natural person

Stanislav (61 years old) Jana's husband is operating a business

0 Non-family employees

1996

3 Family members, Jana, Stanislav

Stanislav's brother **Kamil (44 years old)** as a PR manager

4 Non-family employees in working force positions

2000

3 Family members, Jana, Stanislav and Kamil

30 Non-family employees in working force positions, **1** in management

2011-2013

5 Family members, Jana, Stanislav, Kamil

Stanislav's son and daughter **Tomáš (24 years old)** and **Zuzana (26 years old)** start working as part-time helpers in management positions.

50 Non-family employees in working force positions, **2** in management

5.1.2 Culture and Values

Culture

Corporate culture in the VEST is according to the literature categorized as a **Paternalistic culture**.

Stanislav is a head of the company, he keeps all the power and decision making rights. Jana is just in legal terms natural person, but is not involved in running business and decision making process. All the innovations and challenges go on Stanislav's table and he is the one, who will agree or disagree with the terms or future course of the company. His brother Kamil is cooperating with him and suggesting new ideas but his role in the company is to represent Stanislav, when he is for example on business trip, but it is always Stanislav's call to approve changes.

This governance of the family business is categorized among Parental Company with Marital features, when wife is taking care of the household. Stanislav has democratic attitude, is the head of the firm and wants to pass the company to his descendant, but always counts with possibility that his son might choose different career path.

Business and Family Values

VEST is purely Czech company without an involvement of foreign investors or suppliers. They are buying only the best quality Czech and EU products such as flour, seeds, salt and many others. The most important business values of the VEST are:

- **High quality**

They process high quality ingredients supplied by Czech and other EU suppliers. Furthermore, this company works with HACCAP quality system and the IFS standard. These systems are developed to secure food processing process and avoid any health problems connected with consumption of these products.

- **Experience**

They have a long-term experience in development and production of salt bakery products dated back to 1991.

- **Flexibility**

VEST is able to respond promptly to their clients requests regarding product development and manufacture.

Family values that are rooted in the company are involvement of all family members, Stanislav, Kamil and his wife Jana, and also Stanislav's and Jana's 26 and 24 years old descendants Zuzana and Tomáš. This governance collective is based on loyalty and trustworthiness with a strong common ground, what is the continuity of the family legacy and business growth.

5.1.3 Challenge

As Stanislav stated, the biggest challenge for the VEST at present-day is to sustain foreign business partners and start export to another countries. According to Stanislav, for the year 2014 is VEST preparing export plan for the Poland and Sweden.

Export

VEST started exporting their products into the Slovakia in 1999. In 2001 VEST started export to Italy and Netherlands. By the year 2007 had VEST trade partners in Austria, Hungary, Great Britain and Albania. The biggest challenge, in 2010 for the VEST was opening export to countries outside the European Union such as Taiwan, Libya and in 2012 kosher products to Israel. Kosher production is the big challenge, because company has to obey strict kosher rules. These decisions and negotiating were made by Stanislav, who is often visiting job fairs all across the Europe with the intention to open new international markets a find business contacts. Company VEST did not use any advisors or external consultants to plan export politics, the only exception was external translator to help Stanislav negotiate terms. This situation Stanislav managed on his own pretty well.

	1999	**2001**	**2007-2008**	**2010-2012**	**2014-2015**
Country	Slovakia	Italy Netherlands	Austria Hungary Great Britain Albania	Taiwan Libya Israel	Sweden Poland

Figure 4. *Export in the discourse of history. Source: (vestzlin.cz)*

5.1.4 SWOT Analysis of the VEST

In this analytic part is described present situation of the VEST via SWOT analysis, showing company's threats, opportunities, strengths and weaknesses. Threats and opportunities VEST can't change, only react on them. Strengths and weaknesses are things what can company change by maximizing strengths and minimalizing or eliminating weaknesses. According this analysis, should VEST implement suggested changes to avoid possible future problems (Buchta and Sedlačková, 2006).

SWOT analysis of the VEST

Strengths	Weaknesses
• International export partners • High quality products • HACCAP quality system • Flexibility to react on consumer demands • Experience and a good name • Unique product • Family owned business	• Absence of the succession plan. • Risky legal entity • Small portfolio of products • Insufficient advertising • Absence of environmental policy
Opportunities	**Threats**
• Cooperation with a new business partners • Opening of a new international job fairs • Customers demand	• Arguments within family members may influence business. • Efflux of labor • Competition • Price of the electricity

Succession Plan

- According analysis should VEST focus on creating and writing down succession plan. This weakness is important to eliminate, because Stanislav wants pass the company on his son Tomáš, by giving him ownership and post of the leader. Without this plan is future of the VEST in jeopardy, the worst scenario is that company will not survive generation transition and will be sold. Stanislav should create a succession plan described in theoretical part involving seven fundamental points. Stanislav is now 61 years old. Good timing of writing down succession plan is essential. Stanislav should call a meeting with all family members involved in the business and familiarize them with needfulness of this plan. They should create a draft of this plan. Stanislav wants to stay in business until he reaches 70, therefore important point of this plan should be retirement compensation for Stanislav. The most important question is: Who will be the successor? Despite the fact, that after Stanislav is the most experience person in the company Kamil, Stanislav wants to pass the business on his son Tomáš. Tomáš is working in the company for 8 years now. He is helping to Stanislav with Kamil is employed as a PR manager and is qualified and experienced enough to be the leader of the company, but he has no shares or owner rights and furthermore, he has no intension in leading the company. Kamil could be a Tomáš's right hand and his advisor. Stanislav's daughter Zuzana finished a law school and wants to choose a lawyer career without involvement in the VEST.

Legal Entity

- Another step should be changing legal entity of the business, from the natural person to SRO. This would protect Jana and Stanislav from losing their property in case of the bankruptcy.

SRO is a corporation with significantly lower risks. By the law, a person can establish SRO by the creating basic capital, minimal basic capital is 200 000 CZK. In the case of the bankruptcy, owners have to pay only with amount of the basic capital (Dohnalová, 2012).

Environmental Policy

- This attitude would help VEST to reach a new markets and customers. This movement is very popular within big international corporations in western countries such as United States and Canada. VEST should build an image of the social and environment friendly company, with friendly working environment by creating Social Corporate Responsibility List.

This list should be accessible on the company's website containing information such as how company recycles, how much electricity VEST saved, how they treat employees and their involvement it the charity a public events. This would change VEST corporate culture and the way how public perceive the company (Kašparová, Kunz, 2013).

Advertising and Portfolio

- VEST is not involved in any sponsorship, radio or big board's advertising, what are good advertising channels. The good news is that, this year VEST started TV commercial.
- Company is currently producing eight types of pastry products. This is good for current situation, but if company wants grow, they should extend their product portfolio. For example, they can extend their portfolio without buying a new bakery assembly line by just adding special diet gluten free pastry or healthy bio products. Buying new machinery would open door to VEST. They could extend their portfolio by for example chips or products such as salty peanuts, walnuts etc.

Current Product Portfolio	Suggested Products
Salty Sticks	Gluten free pastry
Sticks for Kids	Bio pastry
Phyllo Pastry Sticks	Chips
Salty Crackers	Salty nuts or seeds
Flavored Crackers	
Pastry Mix	
Pretzels	

Figure 5. *VEST product portfolio. Source: (vestzlin.cz)*

5.2 Family-Owned Canadian Company Nature's Path

Nature's Path is company with deep roots, first of all, owner Arran Stephens was raised on farm by his father who owned very successful agricultural company in 1926-1976 caring the name Lifestream. After father's death in 1976, Arran was still continuing in father's legacy, but in 1981 business was reluctantly sold to Kraft Foods/Philip Morris, because of the partnership impasse. Arran and His wife Ratana took a spiritual journey to India and when they came back, Arran founded in 1985 Nature's Path in Richmond, British Columbia . In 1989-90, Nature's path built North America's first certified organic cereal processing plant, located in British Columbia. Challenge was that Arran had no experience with modern machinery. He asked his wife Ratana to delegate management of her profitable restaurant to others and join him. In 1991, Ratana joins Nature's Path. In 1995, fourteen years after Arran lost his father's legacy, had enough capital to reacquire it from Kraft Foods and revitalize the whole company (Stephens 2014).

By 1996, press said about Nature' Path, that they are number-one organic cereal brand in North-America. In 1999, second certified organic processing facility was opened in northern Washington State to fill needs of the expanding global market. The Stephens' son Arjan, and daughters, Jyoti and Gurdeep currently work at Nature's Path with more than 300 employees in its three facilities at Canada and United States. Nowadays is Nature's Path offering products such as whole grain cereals, hot cereals, granola bars, premium granolas, pancake mixes, bulk cereal, waffles, toaster pastries and rice bars. Daughter Shanti is not directly involved in family entrepreneurship. Even if is this company categorized among small/medium sized one, Nature's Path was voted among Canada's 50 best employers and Canada's Greenest employers in 2007, 2009, 2011 and 2012. The last biggest step was purchasing 2,240 acres of organic farmland in Saskatchewan in 2013. All Nature's Path products are today tested by Non-GMO Project verified seal (Stephens 2014).

Family Tree

1985

1 Family member

Arran (66 years old) establish Nature's Path

0 non-family employees

⇩

1991

2 Family members

Arran as an owner and business operator

Arran's wife **Ratana (59 years old)** as a chief operating officer

15 Non-family employees

⇩

1995

2 Family members Arran and Ratana

Reacquiring Lifestreem

More than **100 non-family employees** in two facilities

⇩

1999

3 Family members Arran, Ratana and their son Arjan

Arjan (40) is executive VP of sales and marketing

New facility in Washington for operating in U.S market

More than **150 non-family employees** working also in management positions

⇩

2013

5 Family members Arran, Ratana, Arjan and Arran daughters **Joyti and Gurdeep**

Joyti is Director of Human Resources and Sustainability

Gurdeep helps Joyti

More than **300 non-family employees** in three facilities

5.2.1 Culture and Values

Culture

According to Arran attitude is in Nature's Path the rarest, but on the other hand the friendliest and open minded culture. It is **Participative culture** based on team oriented, friendly decision making, where family members shows trust to employees. This situation could be dangerous, because if family and employees don't share the same vision, there might be setback such as losing control over important activities. However, this is not the case of the Nature's path. They are the best example how this culture can work without problems. Nature's Path was voted among Canada's 50 best employers. Arran speaks about his employees as talented, self-motivated associates more capable in their particular fields then him, who believe in and practice the principal of excellence and his family is still involved in the everyday operations of the company.

According typology of the family business is Nature's Path marital company led by Arran and his wife Ratana. However, his wife was not involved in the business from the begging, she had her own restaurant and came to help her husband Arran after he asked her to help him.

Family and Business Values

Nature's Path is example of the environment friendly business producing only healthy organic food with philanthropic goals. This company is every year doing their best to make it further down the path to sustainability and source as local as possible. The most important business values mixing together with almost spiritual ones are:

- **Sustainability**

Nature's Path is using 100% of organic certified products. Furthermore, they are reducing use of the electricity, paperboard and CO2 per pound of product shipped via rail logistics. All packages are 100% recyclable and all agricultural waste is filled into the compostable landfills and reused.

- **Fairtrade**

Company managed to source 78% of their ingredients just from North America. If there are any ingredients that are not available from local suppliers, Nature's Path is committed to purchase products such as cocoa, spice or sugarcane only via Fairtrade farmers.

- **Cultivate team**

The main goal of this business value is to take care of all team member including suppliers and employees. All team members are given opportunity to give feedback about their needs, they are treated equally and they have opportunity to improve their skill via free training.

- **Care for costumers**

All products are healthy and all nutrients are written down on the package all together with certifications and labels. Company wants to provide trustworthy and best food for reasonable price, what after buying this product evoke in costumers feeling, that they are part of this environment friendly business.

- **Philanthropy**

This value is based on giving back policy. Nature's Path is donating every year 2 million dollars in cash and food to hungry and supporting food banks around the world. They run program called EnviroKidz to empower children to learn how to change future world via environmental movement (ca-en.naturespath.com 2014).

Family values of this company are based on the intention to involve all family members, Arran and his wife Ratana and their three kids, son Arjan, and daughters, Jyoti and Gurdeep. The only exception is daughter Shanti with her own career. They create a trustworthy collective, willing to work hard and responsibly. This family has shared vision represented by philanthropic long-term goals, ecological movement activities and passing family-owned business to the next generation.

5.2.2 Challenges

For Stephen's family is the biggest challenge to get more people on the path to healthy, sustainable living, while still running a profitable business. As Arran Stephens, the owner and leader of his family enterprise said: "I always believed that someday organic would become mainstream, I felt it was my mission to make it happen".

Reaching a New Customers

This goal or in other words vision is also shared in their family-owned company Nature's Path. Nature's Path launched a new website redesigned to reach a broader audience. This site expressed a company's devotion to the environment, the health and the community, while still sustaining a vast selection of tasty and accessible products. In 2012, Nature's Path launched this new website with positive results. The biggest challenge is to sustain this good image of the company and reach more "less green" customers.

Export

Company is currently exporting to more than 40 countries on 2 continents, North America and Europe. Challenge is to keep those business partners and advertise their products especially in Europe, United Kingdom. Nature's Path distributing their products in eleven stores across U.K including Northern Ireland.

	1985	1991	1995	1999	2013
Countries	No export	No export	No export	U.S.A	United Kingdom

Figure 6. *Export in the discourse of history. Source: Interview with James R.C. Smith*

5.2.3 SWOT Analysis of the Nature' Path

SWOT analysis of the Nature's Path

Strengths	Weaknesses
• International export partners in America and Europe • High quality organic products • Experience and recognizable brand • Family owned business with a good reputation • Public events and sponsorship • Succession plan • Corporate social responsibility plan • Appeals to consumers leading healthy lifestyle	• High price • Keeping a green policy plan and reputation
Opportunities	**Threats**
• Cooperation with a new business partners • Customers demand • Size of the Canadian market	• Arguments inside family circle • Competition • Tax rates • Possibility of not-shared vision by family and non-family members in higher positions

High Price

In general is organic food more expensive. The price of the organic food is created by soil amendments, pest management, labor, irrigation, machinery repair and fuel, marketing, machinery and equipment and land. Study made by Brumfield and Brenna, 1996 showed that organic produced crop is twice as more expensive as non-organic, but on the other hand, recent study provided by Minnesota Department of Agriculture showed different results. Study was showing expenses of harvesting organic crops per acre. Organic farm sampled was 523 dollars while non-organic farm showed expenses 634 dollars per acre. This newest research showed, that high price of organic products is not in general made by big input costs but by big margins of retailers (Post and Shachczensky 2012).

Nature's Path should negotiate a better terms with their business partners such as Costco, No-frills, Food Basics or Wal-Mart and make their products more affordable. Nature's Path Wal-Mart's research showed that more than 90 % of current customers would buy an organic product for a lower price.

Wal-Mart is a great example of this strategy. Wal-Mart is trying to cut down prices of the organic food and made it more affordable for wider scale of customers. The first organic brand, which is now in Wal-Mart for significantly lower price is Wild Oats. As a result of this action, sales grew about 11% in 2013 and for future prediction this growth should be about 22% in 2020 (Wohl 2014).

Reputation and Green Policy

Reputation of such a big company is hard to sustain and every step aside could put company reputation in jeopardy. Nature's Path is building their policy on ecological, healthy and philanthropic intentions. It is not only about actions inside the company but also outside the company, actions made by employees, especially those who are employed in the higher positions. For example, if they act ecologically at home, if they obey environmental rules or how they act during social events.

Reputation of this company was put in stake when owner of Nature's Path Arran violated Vancouver's protection of trees bylaw. Arran bought a property and with an intension to clear neglected garden, cut down tree and bushes without city permission. Neighbors called the cops and Arran had to pay 30,000 dollars fine for cutting trees. This act was not against environmental rules, but press linked Arran's name and name of his company to cutting down trees against the law, Nature’s Path reputation suffered (O'Connor 2014).

Based on this experience should Arran call a meeting with all his employees and challenge them to stick to the environmental rules, no matter where, or furthermore, they should create a list of rules, that should every employee obey at home. For example, recycling, strict adhering of environmental laws, preferring bikes over cars as a means of transportation etc.

6 A COMPARISON

6.1 General Comparison

Table 5. *Total number of family-owned companies. Source: (Odehnalová 2011, Alderson, 2011).*

Country	**% of family companies**
Czech Republic	70-80
Canada	80

Table 6. *Contribution on GDP*. *Source: (Odehnalová 2011, Alderson, 2011*).

Country	**% GDP**
Czech Republic	50-60 (estimated)
Canada	45

Table 7. *Years, when was majority of family companies founded. Source: (accounting.uwaterloo.ca)*

Country	**Year**
Czech Republic	After 1990
Canada	1980-1990

Table 8. *Existence of succession plan. Source: (*Štětka 2012*)*

(Are Family Business an Endangered Species? 1999)

Country	**Succession Plan**
Czech Republic	40% Have succession plan
Canada	58% Have a succession plan

6.2 Comparison of Nature's Path and VEST

Table 9. *Age of the company. Source: (self-created)*

Company	Age of the Company
Nature's Path	23
VEST	29

Table 10. *Export partners. Source: (self-created)*

Company	Number of Export Partners
Nature's Path	U.S.A and U.K
VEST	10

Table 11. *Employees. Source: (self-created)*

Company	Non-family vs. Family Employees
Nature's Path	300 vs. 5
VEST	52 vs. 5

Table 12. *From of business. Source: (ca-en.naturespath.co) (vestzlin.cz)*

Company	Legal Entity
Nature's Path	Inc.
VEST	Natural Person

Table 13. *Written plans. Source: (self-created)*

Company	Planning
Nature's Path	Business, Succession and Contingency plan
VEST	Absence of written plans

Table 14. *Culture based on typology Source: (self-created)*

Company	Typology of family business
Nature's Path	Participative culture
VEST	Paternalistic culture

CONCLUSION

My thesis was focused on comparing two family-owned businesses, from two different countries and placed on two different continents. Despite the fact, that Czech Republic and Canada are two totally different countries, speaking about size, culture and other facts, they have in common late development of family entrepreneurship. Percentage of family-owned companies in both countries is very similar as well as a contribution of those companies on the Gross Domestic Product. Majority of Canadian family-owned firms were established in 1990's and majority of the Czech family-owned companies were established after a year 1990. Those companies have reached an age when leaders and owners should start to ask the questions: Who will be my successor? Do I want to sell the company or pass it to the family member? VEST and Nature's Path are now facing this challenge and should start to create necessary plans for this underestimated transition process.

Nature's Path is already prepared for the future. They have business strategy and succession plans. Owner of this company grooms his next successor and also maintains good relationships with non-family employees as well. This friendly and open culture is called participative and it helped Nature's Path to achieve an award for the Canadian top employers. Company has a good image and is operating across the whole North America with only 300 employees. Leadership of the company have a shared vision for the future. This vision is to reach new customers and focus on the European business partner U.K. Natures Path weaknesses are high output price of their products and keeping reputations.

VEST has a good position on the Czech Republic market and a good competitive product. Export numbers are also more than pleasant. On the other hand, SWOT analysis showed a lot of weaknesses which slow down business growth and might be a threat in the future. VEST should prepare business plan, succession plan, more advertise their products, take active part in the public events, extend their portfolio of products, change legal entity to avoid financial risks and try to reach new customers.

My thesis will be presented to both companies with purpose to give them useful advices such as eliminating weaknesses and explain the risks of combining family and business sphere.

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APPENDICES

P I Structured Interview for VEST

Interview with the leader and owner of the family-owned company VEST Stanislav and his son Tomáš.

Foundation

Q: When was your family business founded?

A: Basically, 2 years after Velvet Revolution in 1991, but the idea came earlier, around 1988.

Q: Could you describe history of your company, including key events and a gradual involvement of your family and non-family members?

A: Well, 1991, VEST was founded as a natural person legal entity by my wife Jana, however I was operating the business. In 1996 was involved my brother Kamil, he helped me to hire employees and with machinery. The biggest step was made in 2000; our company needed bigger spaces, so we moved to Prštné. By that time, we had around 30 employees and one production supervisor.

We are currently employing more than 50 people a 2 production supervisors, because we work on 3 shifts and also my son Thomas and daughter Zuzana as a part-time.

Challenges and Planning

Q: Do you have a written strategic and business plan?

A: Well, there is no written plan, we just focus on attracting a new business partners abroad and fulfill the demands of local consumers.

Q: What are the biggest challenges for you?

A: The biggest challenge for my firm is to export to more foreign countries. Czech Republic is a small country, so export is the best way how to maximize profits. We have many business partners in European Union and also outside. Interesting was to make Kosher products which are exported to Israel.

Q: When and where did you start exporting your products?

A: It started in 1999 to Slovakia this was easy, later on in 2001 we added an Italy and Netherlands By the 2007, Austria, Hungary, Great Britain and Albania. Around 2010-2012, I found trade partners outside European Union such as Taiwan, Libya and Israel. For the future, I want to focus on exporting to Scandinavian countries and Poland.

Q: Do you take active part in any non-profitable events?

A: We didn’t take an active part in these events, but nowadays, we want participate in these events.

Q: Are you familiar with CSR and green policy? If not, would you be interested in involving these plans into your entrepreneurship?

A: To be honest, I don’t know about CSR, I guess, it is not something that you might see in the Czech Republic. Green policy is something that I have heard about but I don’t see any reason to be involved.

Family and Business

Q: How many family members are currently involved in your family business? Please describe their relations.

A: Stanislav, as a legal natural person my wife Jana, my brother Kamil and my descendants Tomáš and Zuzana what makes 5 family members.

Q: What are your values speaking about business and family?

A: Quality, Experience and Flexibility for a business values and family is about the circle of trust, so I can trust them, for example in dividing profits and sharing know-how.

Q: (**question for Tomáš**): How is your father treating non-family employees and you?

A: I first started to help him when I was 16 what makes 8 years of my involvement. My father don't talk to employees very often, he is the one who makes decisions and run the business. My relationship with him is like a father and son, I respect him and he often gives me advices, same it is in the business field.

Succession Planning

Q: Is there a family member who has been identified as the next business leader and how?

A: I didn't give it a thought yet, but I suppose that Tomáš will be my successor. He is now 24 years old and he is almost done with his master's study, however we haven't talked about this yet.

Q: Is there a plan how to prepare Tomáš for leadership?

A: No, it will come naturally.

Q: Is there a plan to fund the retirement of the senior generation?

A: Not yet and I think that it is responsibility of the descendants to take care of their parents.

Q: Do you have written a succession plan?

A: Not yet, it is not my priority to deal with this for now.

Q: Has it been agreed, that your business will continue only in family ownership?

A: Yes, definitely, there is no need for selling the company or including outer shareholders or leaders. It was no literally agreed, but everybody knows that.

A: (of Tomáš) Yes, I want to continue in this business, that my father established.

Q: Do you need an external help with succession planning?

A: Not for now, but if the time comes, I might need such an advisor.

P II Structured Interview for Nature’s Path

Interview with a public relationships manager James R.C. Smith.

Foundation

Q: When was your family business founded?
A: 1985
Q: Could you describe history of your company, including key events and a gradual involvement of your family and non-family members?
A: All the important key events are on our website. In 1991 were involved Ratana and around 15 employees. 1999, son Arjan became a sales and marketing executive and around 150 employees. 2013, daughter Joyti and Gurdeep are directors of human resource and sustainability. Today is Nature’s Path employing about 300 non-family employees.

Challenges and Planning

Q: Do you have a written strategic and business plan?
A: Yes, we do.
Q: What are the biggest challenges for you?
A: Keep our reputation, reach new customers and cooperate with our European business partner Great Britain.
Q: When and where did you start exporting your products?
A: 1999 to United States and in 2013 to the Great Britain.
Q: Do you take an active part in any non-profitable events?
A: Yes, it is very important for us. All the information are on our website.
Q: Are you familiar with CSR and green policy? If not, would you be interested in involving these plans into your entrepreneurship? If yes, do you have it?
A: Yes, our company philosophy is based on green policy rules and yes, we have CSR accessible on our website.

Family and Business

Q: How many family members are currently involved in your family business? Please describe their relations.
A: Leader and owner Arran, wife Ratana and descendants Arjan, Joyti and Gurdeep.
Q: What are your values speaking about business and family?
A: Spirituality, Trust and Love of Nature. Same in the business.
Q: How do you treat non-family employees?
A: The fact is that Nature’s Path was voted among Canada top 50 employers. Arran gives freedom to express their ideas and realize their suggestions.

Succession Planning

Q: Is there a family member who has been identified as the next business leader and how?
A: Arran’s and Ratana’s son Arjan.
Q: Is there a plan how to prepare Arjan for leadership?
A: Yes. It is step of our succession plan.
Q: Do you have written a succession plan?
A: Yes. We do have succession plan including retirement plan.
Q: Has it been agreed, that your business will continue only in family ownership?
A: Yes, it is legacy.
Q: Do you need an external help with succession planning?
A: Yes, we cooperated with counseling company.

LIST OF FIGURES

LIST OF TABLES