

Europe

North America

Latin America

Asia-Pacific

Award winners | Europe | **Austria**

Friedrich Santner

Anton Paar GmbH

Anton Paar makes some of the most technologically advanced measuring devices in the world. The Graz-based company is also a fourth-generation family business with a unique foundation ownership structure. This ensures Anton Paar is strongly linked to all its stakeholders. The structure underpins the company's commitment to R&D, which gives Anton Paar its advantage in a highly competitive industry.

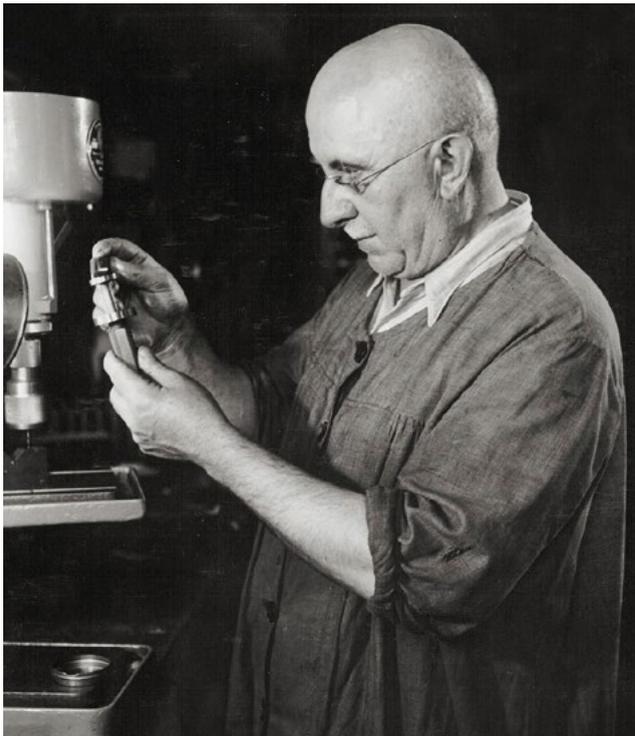




“The structure of the foundation makes it possible for family members in executive positions to decide, manage and control. But the company belongs to itself.”

Friedrich Santner,
CEO, Anton Paar GmbH

Anton Paar is a fourth-generation family business that is not owned by the family. Instead, the Austrian maker of precision measuring instruments is owned by a charitable foundation. According to CEO Friedrich Santner, a member of the family behind the company: "The ownership of the business does not belong to the family anymore. The structure of the foundation makes it possible for family members in executive positions to decide, manage and control. But the company belongs to itself."



The company was founded in 1922 by Anton Paar as a one-man machine repair workshop in the city of Graz in southern Austria.

Founded in 1922 by Anton Paar as a one-man machine repair workshop in the city of Graz in southern Austria, the company is a testament to the hard work and innovation of four generations.

Today, Anton Paar employs around 2,500 people – in its Graz headquarters, and in its 30 subsidiaries and branch offices around the world. In 2015, Anton Paar made revenues of €264 million; that's up an impressive 100% since 2010.

Anton Paar develops, produces and distributes measurement instruments for processes such as determining carbon dioxide levels or alcohol content. Devices are also produced to measure various parameters such as density and viscosity. "You meet our products every day, but you do not know it," says Friedrich. "We are the world leaders in making devices for the quality control of beer, wine and spirits, and the measurement of sugar content in drinks such as Coca-Cola and Pepsi. And our flow behavior technology is essential for products such as toothpaste, chocolate and yoghurt. The reason toothpaste comes out like it does from a tube is because of our devices."

Most of Anton Paar's cutting-edge measuring devices are produced in an annual run of just 300 to 500 instruments a year. They take a lot of skilled engineering and time to design and make, so Anton Paar invests intensively in R&D.

Maintaining a competitive edge through R&D

Indeed, R&D is how Anton Paar maintains its competitive edge, says Friedrich. "It fuels our business and gives us our technological advantage." The company spends 20% of its annual revenues on R&D, and this high level of spend is made possible by being a foundation-owned family business. "Under our foundation structure, the profits are mostly reinvested in the business; a part is for charitable projects according our statutes of the foundation," says Friedrich. "There are no shareholders taking profits out of the company. Most listed businesses would not be allowed by their shareholders to invest so much of their revenues in R&D."

R&D has always been a big part of the success of Anton Paar, even in the early days, but it is Friedrich who has given it even greater emphasis. Before he became CEO in 2003, much of the R&D was done by outside organizations such as universities.



Company founder Anton Paar with his daughter Margarete (Gretl) Platzer, the first female master locksmith in the Austrian state of Styria.



The original building for the Graz headquarters, which was located in Kaerntnerstrasse.

“I transferred most of the R&D work into our company. My strategy was to insource rather than outsource. That means that, today, almost all of our products are developed in-house.”

For Friedrich, the foundation structure and Anton Paar's commitment toward R&D define much of what he considers important for the company. “Growth is not important to us at all,” he says. “We are driven by the technological advances in our sector; we are also driven to create a place where people want to work.” Talent is nurtured through this structure, but also through what Friedrich calls a “lean hierarchy,” whereby most decisions are made at the very lowest level. “Decentralization gives a lot of responsibility to our employees,” adds Friedrich. “That works very well for Anton Paar.”

An unusual type of succession

The ownership structure at Anton Paar might be unusual, but so too is how succession has worked at the company. This was evident from the early days of the business, when Anton's daughter Margarete Platzer trained to become, like her father, a master locksmith. In fact, she became the first female master locksmith in the Austrian state of Styria, where the company is based. Margarete's talent for high-precision mechanics, combined with the knowledge of the eminent Austrian physicist Otto Kratky, formed the basis for the company's first scientific, analytical instrument: the Kratky small angle x-ray camera. It is still the most widely used measuring system of its type today.

Margarete passed the running of the business over to the third generation through her son-in-law Ulrich Santner, an assistant professor at the local university. And, in 1963, Ulrich became Anton Paar's new CEO. One of his achievements was to increase the company's focus on exports; today, around 95% of revenues are generated by foreign sales.

Succession to the fourth generation was also through the son-in-law route. Such a process, especially if it happens twice in one company, is unusual for family businesses in the West. But son-in-law succession is much more common in Japan,



The state-of-the-art manufacturing facility develops, produces and distributes highly accurate laboratory instruments.



Today, the headquarters in Graz, Austria, employs more than 2,200 people and has more than 25 sales subsidiaries worldwide.



Anton Paar GmbH is the world leader in the measurement of density, concentration and carbon dioxide.

“R&D fuels our business and gives us our technological advantage.”

Friedrich Santner

where it often involves mukoyoshi or adult adoption; a family business with no suitable male heir welcomes the husband of a daughter into the family, and he takes their surname. Friedrich followed this traditional principle at Anton Paar, taking on not only the leadership of the business but also the surname of its owners: Santner.

Friedrich’s wife Maria Santner is very much part of the business as well. She joined the company in 2004 and is in charge of Anton Paar’s administration side, as well as a board member of the foundation. The fifth generation is represented by Maria and Friedrich’s four children, all of whom work at Anton Paar. And, because Anton Paar has an employee kindergarten connected to the company’s headquarters, four members of the sixth generation are already linked to the business by attending the kindergarten. “There are effectively four generations under one roof,” says Friedrich, whose father-in-law is still a member of the foundation’s board.

Giving back to the community

Under Friedrich’s leadership, the foundation structure was set up in 2003. The proceeds from the company that go into the foundation are only allowed to be used for charitable purposes. This enables Anton Paar to work with one of its main stakeholders, the local community. Every year, the foundation invests around €350,000 in a charity called Offline, which works with people who are dealing with alcohol and drug addiction, with the overriding aim of prevention.

Anton Paar is an exemplary case of a family business that has prospered not just through its efforts to stay ahead of the technology curve but also because of its progressive family and company governance structures. These factors have created a legacy that will long be a defining aspect of Anton Paar, as the fifth and sixth generations take on more responsibility and the business continues to prosper in the years ahead.



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Friedrich Santner

CEO

Company name: **Anton Paar GmbH**

Generations: **Fourth and fifth**

Founded: **1922 in Graz, Austria**

Industries: **Measurement business, subcontracting business and sports**

Employees (2016): **2,452**

Revenue (2016): **€282m**