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Guido Vanherpe

La Lorraine Bakery Group

La Lorraine Bakery Group is one of Europe's biggest bakery companies. Supplying more than 2,300 supermarkets in its home country of Belgium, La Lorraine is also the number one frozen bakery company in Eastern Europe. Guido Vanherpe is La Lorraine's CEO and a member of the third generation of the family to run the company. Under his guidance, La Lorraine has prospered. Indeed, it is one of the fastest-growing bakery groups in Europe, thanks to an ongoing commitment to entrepreneurship at all levels of the business, as well as exceptional governance structures.





“We do not make a distinction between non-family and family employees.”

Guido Vanherpe,
CEO and member of the
Board of Directors, La Lorraine
Bakery Group

La Lorraine Bakery Group supplies more than 2,300 supermarkets across Belgium with freshly baked bread and other products virtually every day of the year. That, along with its frozen bakery business and separately branded stores, makes it one of the biggest bakery businesses in Europe. Behind its success is a third generation-controlled and – managed family business that started life 78 years ago in the Belgian city of Ghent.

La Lorraine employs around 3,500 people in its three main divisions: Bakery Fresh, which bakes bread and pastries predominantly for the Belgian market; Bakery Frozen, which is one of the biggest frozen bakery product groups in Europe; and Bakery Store Concepts, which runs separately branded stores such as Panos and Deliway. La Lorraine also runs Brabomills, one of the biggest flour producers in Belgium. In 2016, La Lorraine notched up revenues of €680 million after

Guido Vanherpe, who has been La Lorraine's CEO since 1995 and represents the third generation of the Vanherpe family, which owns the group, leads the company. Guido has led much of the international expansion of the business, particularly La Lorraine's growth in Eastern Europe. He has also led the implementation of the strong governance structures that underpin one of Belgium's most dynamic family businesses.

The miller's tale

Guido's grandfather Gerard Vanherpe set up a flour mill in 1939 called Ganda Mills, and managed to become an important regional miller despite the difficulty of the war years in Europe until 1945. The second generation joined the family business in the early 1960s in the form of brothers Johan and Erik, who went on to look for diversification



01 Guido Vanherpe's grandfather Gerard Vanherpe set up a flour mill in 1939, setting the cornerstone for the company as it is today; **02** the Vanherpe family's first and second generation; **03** all three generations of the Vanherpe family.

15 years of achieving a very impressive 10% annual growth rate. The group operates 12 production units across Europe, with 3 in Central Europe and 1 in Turkey. Central and Eastern Europe have become increasingly important to the growth of La Lorraine and now account for around one-third of revenues for the group. Altogether, La Lorraine sells its products in 25 countries.

into the bakery business. But the big push into bakery came a decade later with the acquisition of the industrial bakery group La Lorraine. It had been a big customer of the Vanherpe's mill for years and, for the family, the opportunity to acquire the group was too good to turn down. Through the vision and hard work of the second generation, La Lorraine's bakery company soon became the main part of the family's



The Bakery Fresh division focuses on freshness by producing an assortment of more than 250 products every night and delivering them just in time for shop opening.

business. The third generation entered the business in the early 1990s when Guido joined, followed by his cousin Anthony and brother Marc a few years later.

Under Guido's direction, the milling and the baking businesses were consolidated under the name "La Lorraine Bakery Group" in 2006. A few years later, La Lorraine Bakery Group made a number of acquisitions and continued its expansion into Eastern and Central Europe.

Robust structures

La Lorraine's strength as a business is underpinned by robust family and corporate governance structures that have evolved over the three generations of the family, but especially under Guido's guidance. At the head of this structure is the board of directors, which oversees the strategic path of the business. It comprises four family members, each representing a branch of the family that owns the business. Two independent non-family members also sit on the board, including Chairman Luc Van Nevel. A management board runs the business on a daily basis, and is comprised mainly of non-family members and Guido.

A family council was set up around 10 years ago and is represented by the same four shareholding branches of the family. It discusses, says Guido, a broad range of topics, which include plans for the next generation, training and education.

Further family coordination is achieved through a family forum, which is attended by all the members of the third generation and discusses broader issues around the family's interaction with the business. A family charter was also created about 10 years ago, and it helps to define how the next generation should engage with the family business. For example, it states that next-generation members hoping to come into the business must have a university degree, five years' experience outside of the business with a reputable company and proven leadership skills. Another rule is that family members can only join the family business in senior or leadership roles. Family members wanting to join the business will also need approval from the board of directors, including the independent non-family board members.

Guido says the structure creates the rules but a culture sets the tone of the family business, and at the heart of this is the equal treatment of all employees. "We do not make a distinction between non-family and family." Of course, getting buy-in from all the employees is easy when a company has a growth rate such as La Lorraine's. But how does a 100%-owned family business avoid the glass ceiling, or at least mitigate it, for senior non-family management? Guido says that, beyond the appeal of the company and its commitment to long-term growth, senior management is also incentivized by a stock option plan. This is based on an annual valuation of the business and the achievement of well-defined performance



La Lorraine Bakery Group has 12 modern production sites in 4 countries, a sales structure in 25 European countries and a close-knit European logistic network.



The Vanherpe family gathered at the Family Business Award of Excellence ceremony in December 2016, where they were rewarded for authenticity, passion and entrepreneurship.



La Lorraine Bakery Group Cycling Event 2016: the complete management team setting the example. The company treated about 200 members of staff to a sports weekend in Italy, where they accepted the challenge to cycle up the Stelvio to more than 2,000 meters altitude.

“Growth is not just about becoming bigger. Instead, it is mostly about becoming a better company.”

Guido Vanherpe

goals. And Guido believes that a private company stock plan such as La Lorraine’s works better than the stock options of a listed business. “Our plan is linked to the intrinsic value of the business which, for a listed business, is less the case, as the value of the business is subject to the vagaries of the market.”

Guido says that innovation remains at the heart of La Lorraine and continues to be fostered at all levels of the business: “Entrepreneurship and innovation are synonymous. You don’t have one without the other.” He says this attitude has been nurtured over generations and has become a central part of the DNA of the company: “The important thing to know about entrepreneurship in business is not to lose it. Once you lose it, entrepreneurship is extremely difficult to regain. We have to do everything to keep it.”

Guido has a very strong belief in organic growth as a driver of entrepreneurship. “If acquisitions become the main strategy of growth, they are likely to destroy entrepreneurship.” This attitude extends to the concept of growth at La Lorraine. Guido tells his staff that growth is not just about becoming bigger: “Instead, it is mostly about becoming a better company.”

Over three generations, the Vanherpe family has created a thriving business that employs thousands of people across Europe. This has been done by a constant belief in the importance of nurturing entrepreneurship, and is underpinned today by a highly professional family corporate governance structure. These values and structures, based on strong foundations, should stay with La Lorraine as the family business gradually moves into the fourth generation of ownership and beyond.



Under Guido Vanherpe’s direction, the milling and the baking businesses were consolidated under the name “La Lorraine Bakery Group” in 2006.

Guido Vanherpe

CEO and member of the Board of Directors

Company name: **La Lorraine Bakery Group**

Generation: **Third**

Founded: **1939 in Ghent, Belgium**

Industries: **Bakery and milling**

Employees (2016): **3,500**

Revenue (2016): **€680m**