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Hans-Rudolf Schurter

The SCHURTER Group

The SCHURTER Group is a classic Swiss-based midsize manufacturing business, which makes a niche product that is vital for the smooth running of the global economy. Family owned since its establishment in 1933, SCHURTER encompasses all the best aspects of a family business, with award-winning commitment to all its stakeholders. Equally important to SCHURTER and its owners is a commitment to innovation, the single most important aspect of the family's constitution.





“The family all agree that a certain percentage of the company’s revenues is set aside for innovation every year, and this needs to be in the constitution.”

Hans-Rudolf Schurter,
Group Chairman, The
SCHURTER Group

Coming out on top of the Great Depression

The SCHURTER Group, a highly successful manufacturer of electronic components, learned about the importance of patient capital very early on. Established in 1933, as the Great Depression took hold across much of the world, the company generated a small profit from the second year on. However, it was 13 years before it was able to achieve CHF1 million in sales.

“It wasn’t a very good time to launch a business,” says Hans-Rudolf Schurter, Chairman of the company and the grandson of Heinrich Schurter, the company’s founder. “The banks weren’t lending any money, and finance in those early years to keep the business going came from family members.” Nevertheless, Heinrich persevered – with the backing of his son Rolf, who joined the company in 1942 – and the business eventually began to flourish after World War II.

Today, SCHURTER oversees a global group of companies with combined annual revenues of more than CHF200 million, employing more than 1,600 people and with subsidiaries in 18 countries. SCHURTER produces components such as fuse links, fuse holders, circuit breakers, voltage selectors, power supply cords, metal line switches, public transport switches, membrane and touch panels. Its customers include Siemens, McLaren, Roche, Samsung, Whirlpool and GE Healthcare.

Entirely owned by the founding family

Still based in Lucerne in central Switzerland, where it all started, SCHURTER is very much a family business and is still entirely owned by the founding family. The third generation is represented by Hans-Rudolf and his brother Bruno, the retired head of SCHURTER’s US subsidiary. Two other members of the third generation are shareholders, but don’t work for the company. The fourth generation comprises six members, including Hans-Rudolf’s son, who currently works as a mechanical engineer for the German company Siemens, which is also one of SCHURTER’s biggest customers.



The Space Fuse: SCHURTER is the only supplier ever to have a MGA-S fuse component included in the European Space Agency’s Qualified Parts List (QPL).

Hans-Rudolf joined SCHURTER in 1982 as a member of the board after studying law in Switzerland and working for one of the big Swiss banks. His father retired from the business in the early 1990s, which coincided with the establishment of the holding company structure. The reorganization of the business was designed to give the international parts of SCHURTER more autonomy and help facilitate international expansion. Bruno Schurter established a subsidiary of the company in the US in 1981 and oversaw expansion in North America. Hans-Rudolf became CEO in 1992, and SCHURTER grew rapidly over the next 20-plus years. Under his leadership, SCHURTER acquired eight of its competitors and complementary businesses, which helped to establish the group as a leader in the production of electronic components.

As part of the family’s efforts to nurture talent within the company, Hans-Rudolf stepped down from the CEO position in 2015 at the age of 65. And, for the first time in the 80 years of its existence, a non-family member, Ralph Müller, became the new CEO. Müller, who had worked for 10 years at the SCHURTER Group before taking the top job, said at the time of his appointment: “Our management principles – based on

role models, trust, responsibility, change and connections – will help me to drive the company ahead even further, following the values of the founding family." Hans-Rudolf continues to play a role in the strategic development of the business as Group Chairman.

Innovation as a key part of the family constitution

Hans-Rudolf says that, in an effort to improve coordination of the relationship between the family and the business, family governance structures have been set up over the last five years. "In the 1980s and 1990s, such structures just didn't really exist or, if they did, they were rare," he says.

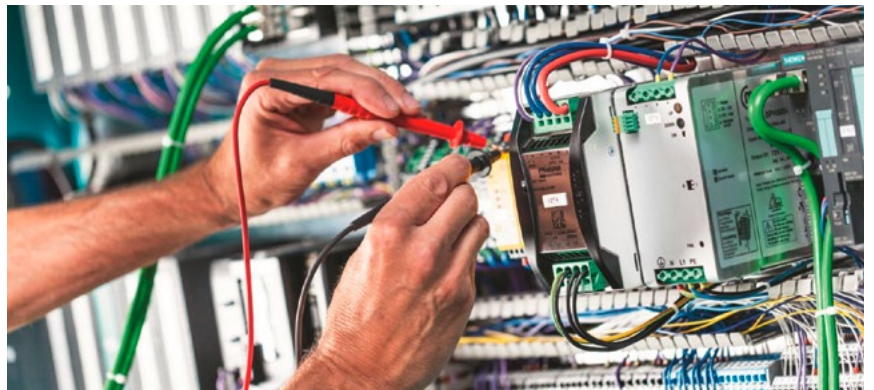
And three years ago, a family constitution was created. Hans-Rudolf says that beyond the normal types of things people would expect to see in a family constitution – such as family succession rules and an apparatus around the relationship between the family and the business – is a commitment to innovation and growth. "I made it clear that the family all agree that a certain percentage of the company's revenues is set aside for innovation every year, and this needs to be in the constitution," he says. "In fact, I would say this is the most important thing in our constitution. If we don't have enough money for innovation, we will eventually disappear from the market. So then things such as succession and governance make no sense."



The shareholders of the SCHURTER Group comprise three generations (April 2015).



SCHURTER Electronic Components is a leading innovator and producer of electronic components.



Internationally approved components can be used in almost any industrial equipment.



Uninterrupted electricity supply represents a key competence in the 21st century.



Absolute reliability under extreme conditions is essential in aviation and space technology on aircraft, satellites and spacecraft.



The rising demand for hybrid and electric vehicles is a stimulant for the automotive industry.

“It’s important for the next generation to get a feeling about the company, rather than have no idea what’s going on. If they don’t know about the company, then they are more likely to sell their shares in it.”

Hans-Rudolf Schurter

Engaging all generations and staff is at the heart of SCHURTER’s commitment

Hans-Rudolf hopes his son will join the business and, with his background, it would appear to make a lot of sense. But he is under no illusion about the difficulties a third-generation family business has in engaging future generations. “To bring the next generation into the business is a very demanding task,” he says. “How do I make the business interesting to them?” Three other members of the fourth generation work in sectors with no link to the electronic components industry. “One is a musician, another one is a psychotherapist, and another one works in the hotel sector. They have nothing in common with the electronic components sector.”

To engage all generations, the entire family meets twice a year at one of the company’s factories. “These meetings are compulsory,” says Hans-Rudolf. “It’s important for the next generation to get a feeling about the company, rather than have no idea what’s going on. If they don’t know about the company, then they are more likely to sell their shares in it.”

Of course, Hans-Rudolf realizes that it is not just about convincing the family of the importance of SCHURTER, but all the company’s stakeholders. And at the heart of this commitment are SCHURTER’s staff. “I have to convince my employees that our products are very valuable. After all, SCHURTER’s products aren’t the most sexy of things – we don’t sell Rolexes or fast cars, but our products are essential for the smooth running of the global economy, and I think our staff get this.”

But beyond the perception of the business and the other ways to keep top staff motivated, such as pay and working conditions, SCHURTER believes there are additional factors to engage its staff – and it involves competitions. “I encourage all our staff at all levels to participate in competitions. These competitions, and especially winning them, can show others that we work in a good company,” says Hans-Rudolf. Since

2005, SCHURTER and its employees have won nine awards, including the Swiss EY Family Business Award of Excellence 2016.

That is some achievement and, with the Schurter family’s commitment to all of its stakeholders in the best tradition of a family business, there is every likelihood that the company will keep on winning competitions many years into the future.



Hans-Rudolf Schurter celebrating with his late father Rolf on the 80th anniversary of the SCHURTER Group in 2013.

Hans-Rudolf Schurter

Group Chairman

Company name: **The SCHURTER Group**

Generations: **Third and fourth**

Founded: **1933 in Lucerne, Switzerland**

Industry: **Electronic manufacturing**

Employees (2016): **1,600**

Revenue (2016): **€185m**