

The top 500 family businesses in the world

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David Bain is the founder of Family Capital (famcap.com), a specialist news analysis website that specializes in global family businesses. He has been commenting on family business for more than 10 years, having edited Campden Family Business magazine for five years. David has worked for Dow Jones, The Economist Group, Euromoney and Schrodgers Investment Management. He is a graduate of the London School of Economics, University of London.

Launched last year, the *Global Family Business Index** of the top 500 family businesses in the world has established itself as a definitive list. Indeed, there are now financial products that are linked to the index. This demonstrates that the world is realizing the huge role family businesses play in the global economy and that they will continue to do so.

The index, compiled by St Gallen University with EY's support, ranks the world's biggest family businesses in terms of revenue. The rankings also quantify who owns the business, what proportion they own, how many people they employ and when the business was founded.

*familybusinessindex.com

This year, EY looked at the data in more detail and came up with a number of interesting findings, including the role the family owners have in the management of their own businesses and how the employees view their owners. This is designed to provide a better understanding of how family businesses function and uncover the common threads that run through them.

EY found that nearly three-quarters (73%) of the families owning these businesses had a member of the family on the executive management board. This is an interesting figure and suggests that family involvement on the operational side is still very high, despite the trend to appoint

more senior managers from outside of the family. Unsurprisingly, family involvement was higher among privately owned family businesses than listed ones. Where there were supervisory boards, family involvement was slightly higher, at just under 75%.

The research also found that family involvement in the executive management function was marginally greater among family businesses that were between 50 and 100 years old, compared with businesses in their first 50 years of existence. This seems a bit counter-intuitive, given that there is a perception that first-generation founders are usually more connected to the business than subsequent generations.

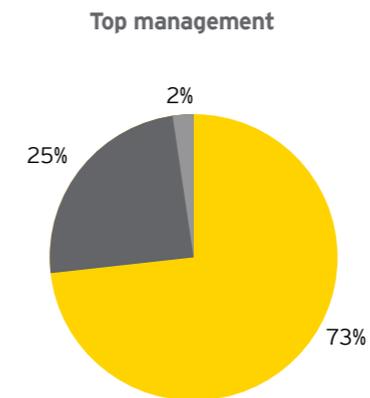
But there are many family businesses that have strong second-generation involvement and, in many cases, businesses have grown more rapidly under the second and third generations, as this year's US winner shows.

A regional breakdown of family involvement showed some subtle differences between the world's major economic regions. Family members were

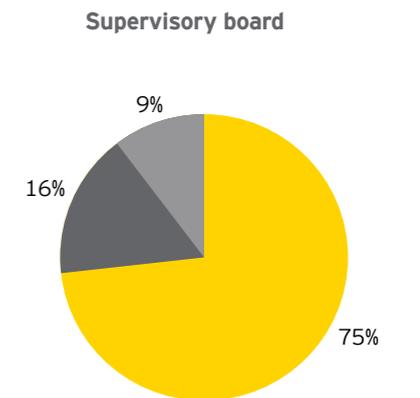
involved in the executive management of 72% of North American listed family businesses, while for private companies, it was 81%. In Europe, family involvement at the executive level was 68% for listed businesses and 76% for private companies. Executive management of

Family business: influence level

Question: Are members (or, is at least one member) of the owner family represented within your company's top management (operational management)? (Please base your answer solely on the ultimate parent company.)



Question: Are members (or, is at least one member) of the owner family part of the supervisory body of your company, e.g., the supervisory board or the board of directors?



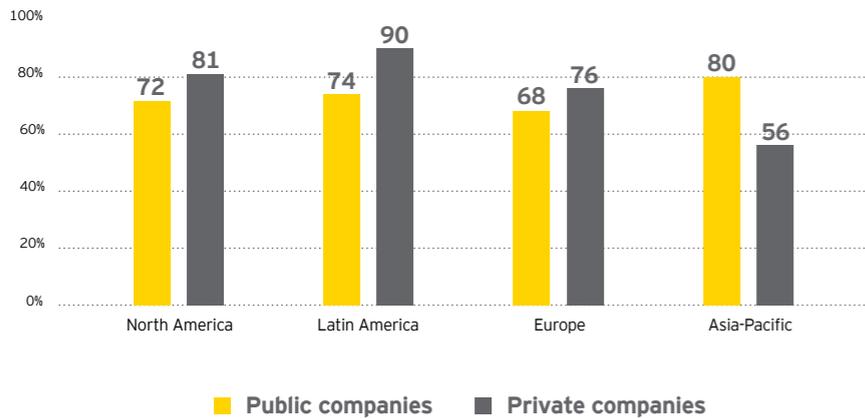
■ Yes ■ No ■ Don't know

the family owners was very high (90%) in Latin America for private companies but, in Asia-Pacific, it was only 56%.

Another interesting finding from this year's research was that 55% of the sample group of employees from these companies said they recognize the family owner more through their philanthropic

Family involvement in the executive management

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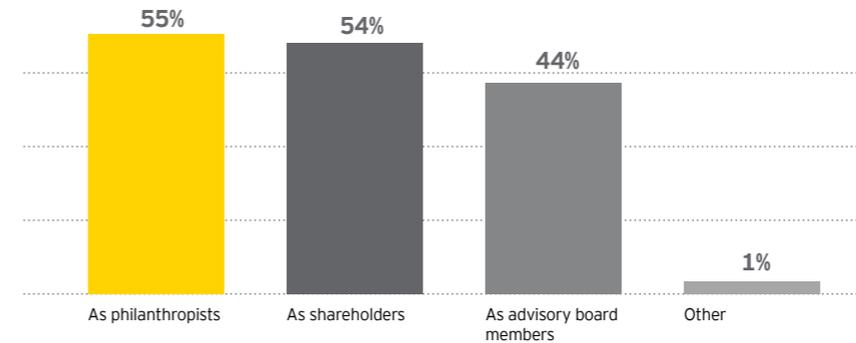
than economic efforts. That was followed by their recognition through shareholders (54%) and through their links to the board of directors (44%). Although the three categories are very close, philanthropy appears to have a real resonance in family businesses.

The insight is also interesting because it might indicate that the philanthropic efforts of business owners have a previously unknown, or at least less appreciated, benefit – better employee-owner relationships. More research probably needs to be done before any conclusions can be drawn, but it's thought-provoking, particularly if you're an owner of one of these family businesses, big or small.

A final insight was that the top 500 family businesses included more companies from the Middle East, as a result of improvements in disclosure.

Visibility drivers for family business owners

Question: On which other levels do you recognize the presence of the owning family in the business? (Please note: participants could choose more than one answer.)



Methodology

For ranking purposes, a family business is defined as follows: for a privately held business, the family must control more than 50% of the voting rights; and for a publicly listed business, the family must control at least 32% of the voting rights.

It is generally assumed that 30% of the votes in a publicly listed business are sufficient to dominate the general assembly. This is because roughly 60% of the votes are present in the general assembly. Nevertheless, the Family 500 decided to be more conservative and used a 32% cutoff for the classification of publicly listed businesses.

Global Family Business Index top 50

The *Global Family Business Index* comprises the largest 500 family firms around the globe. It provides impressive evidence of the economic power and relevance of family firms in the world. The index is compiled by the Center for Family Business at the University of St. Gallen, Switzerland, in cooperation with EY's Global Family Business Center of Excellence.

Here, we present the top 50 listed in the index dated 4 February 2016. We encourage you to find more interesting details about the top 500 family businesses on familybusinessindex.com.

Rank	Company name	HQ Location	Sector	Founding year
1	Wal-Mart Stores, Inc.	United States	Retail and wholesale	1962
2	Volkswagen AG	Germany	Automotive	1937
3	Berkshire Hathaway, Inc.	United States	Asset management	1955
4	EXOR SpA	Italy	Asset management	1927
5	Ford Motor Company	United States	Automotive	1903
6	Cargill, Incorporated	United States	Retail and wholesale	1865
7	Koch Industries Inc.	United States	Oil and gas	1940
8	Bayerische Motoren Werke AG (BMW)	Germany	Automotive	1916
9	Schwarz Group	Germany	Other sectors	1930
10	Groupe Auchan	France	Asset management	1961
11	Arabian Fal Group	Saudi Arabia	Engineering and construction	1979
12	Arcelor Mittal	Luxembourg	Diversified industrial products	1976
13	Louis Dreyfus Holding B.V.	Netherlands	Asset management	1851
14	Reliance Industries Limited	India	Oil and gas	1966
15	PEUGEOT SA	France	Automotive	1810
16	Comcast Corp.	United States	Media and entertainment	1963
17	CASINO GUICHARD-PERRACHON	France	Retail and wholesale	1898
18	America Movil SA de CV	Mexico	Telecommunications	2000
19	Itau Unibanco Banco Multiplo SA	Brazil	Banking and capital Markets	2008
20	The Long & Foster Companies, Inc.	United States	Real estate	1968
21	Roche Holding AG (Roche Group)	Switzerland	Life sciences	1896
22	Enterprise Products Partners LP	United States	Oil and gas	1968
23	AP Moeller/Maersk Group	Denmark	Other sectors	1904
24	Continental AG	Germany	Automotive	1871
25	Xenel Industries Co. Ltd.	Saudi Arabia	Diversified industrial products	1973

Rank	Company name	HQ Location	Sector	Founding year
26	JBS SA	Brazil	Consumer products	1953
27	Christian Dior SA	France	Consumer products	1946
28	Odebrecht SA	Brazil	Real estate	1944
29	LVMH Moët Hennessy Louis Vuitton SA	France	Consumer products	1987
30	Tata Motors	India	Automotive	1945
31	Bechtel Group Inc.	United States	Real estate	1898
32	ALDI Group	Germany	Retail and wholesale	1913
33	Sears Holdings Corp.	United States	Retail and wholesale	1886
34	IKEA Group	Netherlands	Consumer products	1943
35	Koc Holding AS	Turkey	Asset management	1926
36	Tyson Foods Inc	United States	Consumer products	1935
37	Hutchison-Whampoa Ltd.	Hong Kong	Asset management	1828
38	Mars Incorporated	United States	Consumer products	1891
39	George Weston Ltd. Company	Canada	Retail and wholesale	1882
40	Pilot Travel Centers LLC	United States	Retail and wholesale	1958
41	21st Century Fox	United States	Media and entertainment	1979
42	Ray White Group	Australia	Real estate	1902
43	Gulf Agency Co. (Dubai) LLC	United Arab Emirates	Prof firms and services	1956
44	Formosa Petrochemical Corp	Taiwan	Oil and gas	1992
45	PHOENIX Pharmahandel GmbH & Co KG	Germany	Life sciences	1994
46	M. H. Alshaya Co. WLL	Kuwait	Consumer products	1890
47	Publix Super Markets Inc.	United States	Retail and wholesale	1921
48	Power Corp. of Canada	Canada	Insurance	1925
49	Essar Energy PLC	United Kingdom	Oil and gas	1969
50	Loves Travel Stops & Country Stores Inc.	United States	Oil and gas	1964