



Presidential Greetings

„If you know you are going to trip over, sit down!”



László Rudas Ph.D. president and Tamás Kürti vice president

When we realize the expectable danger, then we can start protecting ourselves and figure out what we need to do, we are already closer to the solution. We have realized our situation that we need to deal with in time, this way we can hopefully avoid tripping over.

The FBN-H and its research and education base institution the Family Firm Academy play a vital role in this.

So, what am I talking about?

In developed democracies, the majority of the GDP is produced by family businesses and they employ 60% of the labor force. There are Family businesses prospering through tens of generations, however only the umpteenth generation grows up in the bond of the family and the business. Traditions and cultures were formed in management, task sharing, and succession in families.

And Still!

Only one third of the businesses survive a succession without major shocks. The founders of Hungarian family businesses are close to retirement age, are they ready for succession? How does the social, economic, and political environment motivate the next generation? Is the role of the leader of the business attractive? Is it acceptable for and does a responsible parent want to give the responsibility to their children, and do they want their children the self-destructive lifestyle they had when creating their “empire”, when he/she did it in order to provide and easier life for his/her family? And if yes, when should the successor study and gather experience? Should he/she work through all the steps on the organizational ladder, or gather experience abroad? How to integrate the tasks of a woman, family, mother, and succession of a business? How to deal with sidecars, my daughter’s husband, my son’s wife, how should they, or should they connect to the family business? A million questions’ answers we are searching for. If we are searching for them, there is a chance that we will find them. If we can learn about the solutions of those facing the same issues, and gain access to international experiences, we have a chance of sustainability. This is the goal of FBN-H.

Private matter, one shall say, why do I care if the successful family business is sold, or the successors are going to have the struggle to keep it going?

They are not going to starve. But is it indifferent for the country, if the jobs in those companies are going to exist, or if those companies are going to continue pay taxes? Moreover, the process of succession is going to happen at the same time for most of the firms as they were founded in 1989 and most of the founders are in the same age group. The succession boom is coming. It is the basic interest of the Hungarian economy to survive this with as little losses as possible. The dominant role of multinationals is indisputable. Should be noted, however, that multinationals will come if the economic benefits justify it, and if Northern Africa, or the far East can offer better, they will move on. We, family businesses, if we invest abroad, we still stay. Because this is our home, this is where our children are. We also bring our profits earned elsewhere here, we re-invest here, and the only thing we need for this is for the economic policy to be favorable. Among others, this is included within the objectives of our association.

László Rudas, Ph.D.
President, FBN-H

The Association for Responsible Family Business in Hungary

Education and Research Forum

Senior leader: Péter Gelléri Ph.D.

The forum stands for scanning member's interests, needs for orientation and self development and defining priorities of such. We oversee the educations and researches carried out by the Family Firm Academy. Based on the needs and research results the forum inspires and comments on conference plans, educational concepts and research initiatives.



Partner Association Care Feedback Forum

Senior leader: Péter Berendi, Roland Fashion House

NextGen leader: Zsuzsa Boskó, Boskrom

Our aim is get to know those family businesses that play a major role in employment and GDP, but because of their size, they cannot be of major influence for policy making. Hence, our forum manages partnerships with associations of industry advocacy and their small size family business members. Also, we pledge to circulate family business best practices and accumulate lobby power through our partnerships.



Melinda Béres



Nikolett Havass and her father, Miklós Havass Ph.D.



„One major aim of our association is to spread family business values, culture and best practices in the society.”

The Association for Responsible Family Business in Hungary



„The leadership structure of our association resembles how we walk the talk. The whole organization and its forums are led and managed by co-working generations, a senior and a junior member from – various – families of ours.”

Szabolcs Varga, FBN-H secretary

Public Policy Forum

Senior leader: **László Rudas Ph.D.**, Mutex Group
NextGen leader: **Pál Seenger J.D.**, Jozsef Pata Machinery Production

The mission of the forum is to bridge policy making, government and FBN-H. The goal of the forum is to support the building of family business friendly public policy in the region affected by the succession boom and beyond. Family members are cooperating in prioritizing lobbying issues and delivering our main messages to key decision makers of the Hungarian and European Governments. Moreover, the forum selects and governs its subcontractors for building evidence based legal proposals.

Women's Forum

NextGen leader: **Dóra Deák**, Biofilter

Our pledge is to support FBN-H in building an association with lasting family business values. Our forum is tailor made for us, women. Supports our self and carrier development, while builds a strong community base for strengthening us as we meet the challenges of being a woman, a wife, a mother and a business leader.

Estate Planning Forum

Senior leader: **Szabolcs Varga**, Bank Gutmann
NextGen leader: **Attila Joó**, Ganz Universal

The mission of the forum is to raise awareness and deliver adequate knowledge on relevant issues of estate planning, financial, legal structuring and investment planning for our members in the midst of the succession boom. Our methodology for delivering the above is to present local, regional and international best practices in a way that supports experience exchange and knowledge sharing relating to real and actual cases.

„Wise men is, whose grandfather, planted the walnut tree for him.”

NextGen Forum

NextGen leader: **Tamás Kürti**, KURT Information Security

Our aim and practice is to effectively strengthen each other in dealing responsibly with our everyday dilemmas and strategic issues on our very own and unique succession and inheritance cases. The FBN-H NextGen community members are young adults between the age of 18 and 44 who live up to the opportunities and challenges of finding their best (pro- and bene-:) fits in or around their family businesses. Being young, the events are more informal than formal. So, we spend our party style gatherings with talking to each other, focusing on one type of issues of interest each time.

PR Forum

NextGen leader: **Dávid Boross**, Ozais Garden Centers

A major mission of FBN-H is to disseminate the values, the culture and the importance of family businesses in the economy and society of Hungary, the CEE region and the World. Our brand stands for the responsible family businesses that are proud to be our members. Hence, FBN-H actively communicates through various media about issues of importance or actuality in the family business arena within our potential members, partners and relevant public decision makers.

Membership Care and Recruitment Forum

Senior leader: **Péter Szabadhegy**, Keve Agricultural Company
NextGen leader: **Dénes Purnhauser**, Hauser Hungary

The mission of the forum is to recruit members reflecting the core values of the association and support them to maximize the value they get and give. Our goal is to inform and transfer experiences of FBN-H's values, vision, tasks, contributions and responsibilities of our members to our applicants. We do our best to recruit new members who get involved actively and constructively. Moreover, who help their peers to master their very own family business's opportunities and challenges. The forum works with transparent and controllable proceedings, efficient and minimal administration.



Csilla Szilvássy

Péter Gelléri Ph.D.

Péter Szabadhegy

A New Focus in Europe

The Responsible Family Businesses are the backbones of our economies

Since the September of 2009, the family business profession is focusing on Europe. The Volkswagen and Porsche cousins are risking the jobs of 400.000 people with their conflicts in the family. Best breed consultant, Bork publishes the summary of his 40 years long career in his little red book, introducing it in London. The largest organization in this field, the Family Business Network International, with - at that time - 3200 members from 26 countries, celebrates its 20th birthday in Amsterdam. The European lobby organization of family businesses, the EFB-GEEF gets the EU Ministry of Industry (DG Enterprise), based on large volume of research, to form its own definition of family business in the fall of 2009, based on 90 internationally popular definitions, and to file recommendations towards member states on how to regulate this sector in the economy. Up until now, family businesses, and the empires that grew from them did not exist in the view of the politicians, even though in western societies they lived through 6-8 changes in generations. But why should they have existed, or is it valuable that they prevailed on this scene? The importance of this sector is characterized by the figures in investment, employment, and amount of tax paid (EU average is above 50% in all three areas among private investors). This sector is important in areas where you cannot put figures also. Real life examples for sustainable growth as they borrow the company from their grandfathers, for their grandchildren. Mortal shareholders, who are standing at the crossroads of the long term thinking and stability orientation of the family, and the economy's quarterly rhythm; where organizational and personal (family) values and taxation also meets. At the crossroads, summons the personal and organizational taxation requirements, and the constantly changing ownership rights. Currently, the double taxation, which, especially when compared with short-term investors, and the tax benefits of the long-term investors, is unpleasing. A similar problem is the absence of legal and economic framework to regulate the constant transfer of ownership. For example, in some countries a Trust and other private fund systems can handle the usually expanding family, and the cooperation of competent and incompetent family members. Only a part of the regulation framework that needs to be updated is economic, such as tax rationalization, where the government has interest in not collecting taxes when property is transferred within the family in order for employment, production, service, trade related taxes to be collected on the long run. The other part of regulation framework that needs to be changed is cultural, to reframe issues that do not relate to money. For example, in the Province of Valencia, the governor send a letter to the owner/leader of the family business when he/she reaches 50 years of age and asks to think about retirement and succession. And offers the services of the local family business consultancy to plan for the future.

Meanwhile, in Central, Eastern Europe, the 35-45 year old business founders in '89 are going to be at retirement age between 2009 and 2019. Being the first generation, they have no experience of succession. This is why their children, usually educated in business, are looking for the relevant knowledge and community. This is why in Hungary, Bulgaria and Slovenia, the second-generation family members inspired and started organizing a community, and gathers best practices, and knowledge about generation change. It was easy for the young ones to get their founding parents to get involved in the community, exchange experiences, dilemmas and advocating for a common cause.



*„Being the first generation,
they have no experience of
succession.“*

The "Hungarian model" was proven to be the most successful by September of 2010. The organization process of FBN-H began top down, first companies that employ many people and pay high taxes were contacted. In one year, 35 major business owner family joined the community, and started leaning about minimizing the risks of succession. Formed forums around their toughest dilemmas. This is how the research and education, public policy, correspondence with partner organizations, women's, and the NeXtGen forum came to existence. A special feature of operation is that the organization is based on the slogan of FBN-I: From Families, For Families. The association has no employees; only those interested are helping in operating. Moreover, the organization and the forums, just like a family business are led by a senior and a junior member. They support each other in solving their dilemmas, and gather experience in cooperating through generations, in a field unstressed by the families. The unique educational research program of the Family Firm Academy, the research and educational base institution of the FBN-H has helped recognize the characters of this community. Through a Family Business Mapping, the attendees can look at their situation and plans through a newly structured attempt.

The Hungarian government that was appointed in May of 2010 listed among its main keywords: family and the business and support for the original accumulation of capital. As of these, among the first decisions made were to easy taxation on gifts among family and inheritance.

The regional wave of succession, the world leading achievements of the private and the public sector, and the 2011 EU presidency are a great break point for us to become the regional leader in the family business sector.

Lobbying and advocacy

It is vital to raise awareness about the Hungarian family business owners who re-invest their profits in Hungary, because they are Hungarian families, who wish to live in Hungary, and develop their businesses through generations. Our goal is to have equal treatment in long-term investments like the tax exemption for investment accounts for over 5 years, alike to the dividend payments on shares. Key to successful succession is to have the legal framework that supports effective practicing of ownership, as done by the ever-growing families in the west. This shows the importance of public policy to be created on the issue of family trusts and private funds.

International Relations

Our community is an active member of the Family Business Network (www.FBN-I.org) that organizes experience exchanges for 3700 members in 28 countries. We are a proactive member of the European Family Business (www.EFB-GEEF.eu) European advocacy association; in association with their headquarters in Brussels, we are going to represent our economic and social values in every country in Europe.

Tamás Kürti
Vice President, FBN-H



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