



The courage to set up a company is rewarded:  
For several years now, strict criteria have been used to decide who  
wins the German Start-up Prize (Deutscher Gründerpreis)"

# Breeding Ground for Success

 Looking forward with optimism: on 19 June, the tenth award ceremony will be held in Berlin to present German entrepreneurs in four categories with the “Deutscher Gründerpreis” (German Start-up Prize). The aim of the initiative is to encourage entrepreneurial spirit in Germany. The four partners in the initiative are the magazine *stern*, the Sparkassen savings banks, the ZDF TV channel and Porsche. Prize-winners and nominees are assigned successful family companies as their “mentors”. Good reason, then, to ask some experienced trustees what entrepreneurship is all about and what are the real secrets of success that lie behind healthy growth and corporate culture.

# “Culture Has to Be Allowed to Grow”

*A duty owed to tradition. Four years ago, Annette Roeckl took control as the sixth generation in charge of the family-run Munich company Roeckl Handschuhe & Accessoires (Roeckl Gloves & Accessories). By concentrating on exclusively high-quality products, she is making the company ever more successful and building a corporate culture in accordance with her own views.*

*Ms Roeckl, have you demonstrated today how to put the corporate culture into practice?*

**Annette Roeckl:** “It’s a matter of identifying cultural facts and living them. Respect for other people plays an essential role too. In the end it is only by working together that you will achieve the highest goals. So it is about loyalty to the company, the responsibility that is shared by everybody. That defines the way people deal with one another and also the fun that they can have together. This is the atmosphere that should always be present in everyday working life.”

*Let me put the question more precisely: have you praised one of your employees today or asked someone for advice?*

**Roeckl:** “I have done both.”

*How would you describe your corporate culture?*

**Roeckl:** “We want to make products that are distinguished by being top quality. Exclusive products, treasured items for our customers—and produced in the environment I described before. But you have to understand

that a corporate culture is not something set in stone. It has to grow.”

*Companies have to be able to react quickly to the frequently changing demands of the market and the environment. What role does corporate culture play in that?*

**Roeckl:** “A very important one, of course. The employees operate in this cultural space, have guidelines and are able to meet the demands thanks to an inbuilt intuition.”

*What should someone starting up a new company pay attention to when defining their corporate culture?*

**Roeckl:** “They should start in a small way by defining a few ground rules. The corporate culture will grow from those. But even with these ground rules, the founder must ensure that he or she is fully behind them. They are like a code of personal values. The founder must show that they live by these rules, since only then can a strong corporate culture develop. Strictly defining these rules is certainly important. But you don’t achieve anything just by defining the rules.”



#### **A duty owed to tradition**

Annette Roeckl finished her initial training as a business administrator with the family company, and later worked there in the Branches and Marketing departments, among others. In 1999 her father made her a partner and managing director and since 2003 she has been running the company alone. Roeckl Handschuhe & Accessoires GmbH & Co currently employs 250 staff worldwide, 130 of them in Germany. With its 19 branches in Germany and Austria, in the financial year 05/06 it achieved sales of 18.5 million euros.

*Can anyone ever be so perfect that they always act correctly in accordance with their own culture?*

**Roeckl:** “Everyone has a bad day sometimes, everyone makes mistakes. What is critical is how you handle the mistakes and what you learn from them. And anyway: you can, of course, define a whole host of rules—or just a few unbreakable ones.”

*Is it more of a burden or a benefit to take over a company with a long tradition?*

**Roeckl:** “I took control four years ago, and, of course, there are two sides to taking over a company like this. What was most valuable for me was the sound base that I found: the existing knowledge, the financial situation, the established structures and the brand name. On the other hand, I found a certain lack of flexibility, attitudes that aren’t quite the same as mine. And in any case, the family tradition in general is a big challenge. As the representative of the sixth generation, I see myself as having a duty to succeed.”

*How do you handle that?*

**Roeckl:** “In certain things I am different from my father, my priorities are slightly different. Since you are always dealing with people, building a corporate culture does not happen overnight. You have to introduce changes deliberately and steadily. You mustn’t let up.”

*Can you give us an example to show how you think the culture has changed since you took over?*

**Roeckl:** “Eighteen months ago, we had only four days between gaining permission and opening a shop. We managed to have a great opening ceremony. Everyone involved gave their best performance under difficult circumstances. You can’t achieve that by handing out orders. It only happens if the staff understand their own roles and can identify with the company.” ◀

# “Growth without Profit Is Fatal”

*Prof. Reinhold Würth, entrepreneur and art collector, began his career in 1949 as the first apprentice and second employee in his father's screw wholesaling business in Künzelsau. Over the decades that followed, he moulded the company in an exemplary way to become one which is successful and well-known all over the world. Today, he is still the Chairman of the Foundation Supervisory Board of the Würth Group.*



*Professor Würth, can you remember the day when you realised that you no longer knew all your employees personally?*

**Reinhold Würth:** “Not exactly. It must have been in 1971 when the number of employees passed 1,000 for the first time—from then on it became difficult to know each employee personally.”

*Did you find that uplifting or shocking?*

**Würth:** “No longer knowing all your employees is neither shameful nor a particular milestone.”

*When you look back to those early years, do you feel nostalgia or relief?*

**Würth:** “Of course, the early years were often tough and difficult: it's quite true, as the saying goes: “The first million is the hardest”. When I look back on those early years, though, I feel nothing but pleasure. They were the days of my youth, the mood was positive.”

*All companies strive for growth. Is growth an indicator of success?*

**Würth:** “Growth is a reflection of a healthy business. That's why company growth is, of course, one among many indicators of success.”

*Was growth your main priority right from the start, or was there a time later on when you decided to go for it?*

**Würth:** “Growth without profit is fatal. That's why I did strive for growth in the first place, but at the same time also for the right level of profitability.”

*How can one plan for growth?*

**Würth:** “By first defining your resources and options very precisely, so as to generate the best possible company growth from them.”

*What are the expectations of the company management in achieving this objective?*

**Würth:** “That they are willing to work hard and set a good example, are courageous in taking calculated risks and persistent.”

*What are the most common traps people fall into when striving for growth?*

**Würth:** “Just as I said before: if you want to expand your company, you have to see cash flow as a vital component in the growth. If a company grows without making a profit, it is automatically condemned to insolvency.”

*What effects does growth have on customers, employees and the quality of the products?*

**Würth:** “A company that is growing healthily is viewed favourably by customers, employees and all friends of business; the employees become proud to be able to contribute to a company that is developing well, and that is a positive thing. However, it is really fundamental that the quality of the products is absolutely guaranteed. During periods of rapid growth, the risks to quality management are significantly higher.”

*Can you divide the development of a company into particular phases?*

**Würth:** “All companies are sociological creations and are subject to the same cycle of becoming, being, and passing away. My thesis is that every company in the world will come to an end some time. However, for Würth I support the idea of keeping the company in a state of becoming for as long as possible, i.e. in a state of healthy growth. If we can manage that, then we are still a long way away from a state of being, never mind decline.”

*How fast should a company grow?*

**Würth:** “The answer to that question is bound to be different for every company. As a general rule, for a healthy company, certainly ten per cent sustainable growth per year is a sound base to work on.”

*What should someone starting up a new company be clear about, if they are striving for growth?*

**Würth:** “That the graveyards of this world are full of people who thought they were indispensable.”

*What qualities do you have to have as an entrepreneur if you are to make the most of opportunities for growth, at a time when markets are saturated?*

**Würth:** “You can only achieve growth in saturated markets by driving the market. You can only do that if you are better, faster, and a bit more aggressive than the competition. Optimising your resources is the smartest way of getting ahead of the competition.” ◀

#### **Growth à la Würth**

The premature death of his father left him with no choice: at just 19, Reinhold Würth had to take over his family's screw wholesaling business. Over the decades, he built up the regional business into a trading company operating worldwide. The expert on screws became a specialist in assembly techniques, and the company now offers over 100,000 products. Today the Würth Group has 375 sales outlets in 83 countries, and over 60,000 employees. In 2006, sales reached 7.5 billion euros. In 1994, Reinhold Würth stepped back from operational management. The successful businessman, who in the course of his career has studied topics such as worker motivation, management culture and issues of professional ethics, is known as a leading art collector. He has built up a collection of 10,500 works, including paintings, drawings and sculptures by Edvard Munch, Pablo Picasso, Alfred Hrdlička and Christo. Since 1991, the public has been able to view them in a museum in Künzelsau-Gaisbach.