

A black and white photograph of a hand holding a small, white paper boat over a body of water. The boat is shaped like a simple funnel and has the word 'ENTREPRENEURSHIP' written on it in two lines. The water is rippled, and the hand is positioned at the top left of the frame.

**Executive Master of Arts for
Family Entrepreneurship | eMA FESH**

**International Learning Expedition 2014
Argentina & Chile**

**Friedrichshafen Institute for
Family Entrepreneurship | FIF**
Zeppelin University, Germany

Argentina August 23 – 31, 2015

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Argentina

Buenos Aires | Mendoza

August 23 – August 31, 2015



Club Alemán en Buenos Aires

Buenos Aires | August 23, 2014

After arriving in Buenos Aires, Mr. Thomas Leonhardt, lawyer, great networker and “the person to know” as a German in Argentina, welcomed us in the German Club. The German Club in Buenos Aires was founded in 1855 and does not only offer a great view over the vibrant city of Buenos Aires but also great food.

Mr. Leonhardt, co-founder of the law firm Leonhardt, Dietl, Graf & von der Fecht in Buenos Aires, introduced us to his person as well as to the Argentinian cultural and economic context. As he is indeed a real expert, since he is also President of the Argentine-German Chamber of Industry and Commerce. Mr. Leonhardt’s law firm specializes in legal services and counsel to local and foreign companies on the development and implementation of new business opportunities in Argentina and other Latin American countries through a vast network of correspondents.

In fact, we profited a lot from Mr. Leonhardt during our stay in Buenos Aires since he is an excellent networker and arranged several very valuable meetings for us during our stay in Argentina.



Estancia Aurora

Buenos Aires | August 24, 2014



Being one of the biggest agricultural exporters, Argentina is particularly heavily dependent on its meat production. So we were very thankful to get the chance of gaining deep insights into that industry: After listening to how the breed and fattening works, we learned about meat trade and the meat-market mechanisms. (On top of that, we consumed the tasty products on an almost daily basis during the following days.) The farm we visited, melodiously called „Estancia Aurora“, had a capacity of about 600 animals on nearly 5000 acres of farmland. Particularly interesting was how inefficient the political system has been in handling the relevant farming sector: Arbitrary methods, often implemented at very short notice, make long-term planning and investments more and more complicated today. A good example for this was the recently established, drastic export barrier for meat. All in all, our stay at Estancia Aurora was an absolute pleasure and a very interesting experience for all of us. A big word of thanks goes to Louis Branca, head of the farm, for his open-minded personality and all the impressive insights as well as to Thomas Leonhardt who made this day possible.

Fundación de Investigaciones Económicas Latinoamericanas

Buenos Aires | August 25, 2014

Juan Luis Bour, Chief-Economist of the “Fundación de Investigaciones Económicas Latinoamericanas” (FIEL) welcomed us at the premises of Konrad Adenauer Foundation. In a stagnating economy like that of Argentina, he told us, it needs strong and highly qualified politicians to develop a more transparent and less corrupt system. Unfortunately, Argentina seems to be lacking exactly that. High public debt meets, if not supports, negative growth and thus rising unemployment. According to Bour, a lot of micro-management is necessary to compensate for the inefficiencies generated by the highly unreliable administrative system. Thus, long-term planning is almost impossible. In fact, this seems to be connected with Argentina’s instable democracy: Since 1930, there have been only 13 years of democratic governments.

After most of us have not been to Argentina before, it was extremely beneficial to get such a qualified introduction into the instable and historically volatile economy of our host country.



Argentinisches Tageblatt

Buenos Aires | August 25, 2014

The “Argentinisches Tageblatt” is the only Argentinian newspaper published entirely in German. Dr. Roberto Alemann, 91 years old, told us in great detail in his role as publisher, editor, and great-grandchild of the Tageblatt’s founder about the eventful history of the liberal newspaper in a politically as well as economically complicated and volatile surrounding. His stories were accomplished by personal insights of Dr. Alemann himself, who has experienced numerous of those drastic system changes first hand. He blames the lack of historical awareness, causing e.g. continually rising public debt without sufficient political interventions, for Argentina’s current situation. Again, it seems that due to the volatile surrounding, every economic operator plans only in very short terms which makes the constant existence of the Tageblatt ever more impressive. Despite an uncertain future, Dr. Alemann’s passion for the lifetime achievement his family (and himself) became absolutely obvious to us. Many thanks to him and to Mr. Leonhardt who made this fruitful exchange possible.



Mercado de Liniers S.A.

Buenos Aires | August 26, 2014



Started in the year of 1901, Mercado de Liniers S.A. is the world's biggest cattle market of his kind today. Its premises cover an area of 79 acres in the center of Buenos Aires. On average, more than 12,000 cows are traded per day with an impressive controlling and transparency. After each transaction, every single cow's weight, price and new owner is submitted in an online system which is publicly available.

However, there are few regulations regarding the animal welfare in Argentina. The same applies for the environmental awareness in general. All of that was intriguing, just as the sheer spectacle of the hustle and bustle of cows and gauchos all around. We thank Dr. Achim Viereck from the German embassy very much for making this experience possible.



German Embassy

Buenos Aires | August 26, 2014

During a very interesting visit to the German Embassy in Buenos Aires, Dr. Klaus Schmidt, Head of the Economic Department, and Dr. Achim Viereck, Head of the Agricultural Department, facilitated a deep understanding of the economic fundamentals of Argentina. This included explanations on the mental models of Argentinian companies and, on top of that, roles and self-perception of political as well as scientific actors. Besides, we were able to get impressions about how everyday life in Argentina feels. We were impressed by the great expertise, openness, and hospitality that we encountered at the Embassy.

Finally, an Argentinian cook prepared us an excellent Gulasch – which rounded off our informative and tasty visit at the German Embassy.



Nestlé Argentina

Buenos Aires | August 26, 2014

Mostly because of its immense demand of milk, Nestlé opened its location in Argentina – today employing more than 3,200 members of staff in seven Argentinian facilities. Matthias Lohner, Nestlé's Technical Director for Uruguay, Paraguay, and Argentina, told us about the company's high adaptability in the Argentinian market, allowing for quite high investments (17m USD in 2014) in spite of all the volatility-related difficulties. Especially interesting was Nestlé's way to handle political problems like the export restrictions: A separate agreement allows them to export as much as they want to – if the value of imported goods exceeds the value of those exported twice. On top of that, frequent changes of the brand names are necessary to avoid interventions in their pricing. All of that gave a once again striking impression of the Argentinian market logics.



Wine Tasting with Dr. Viereck

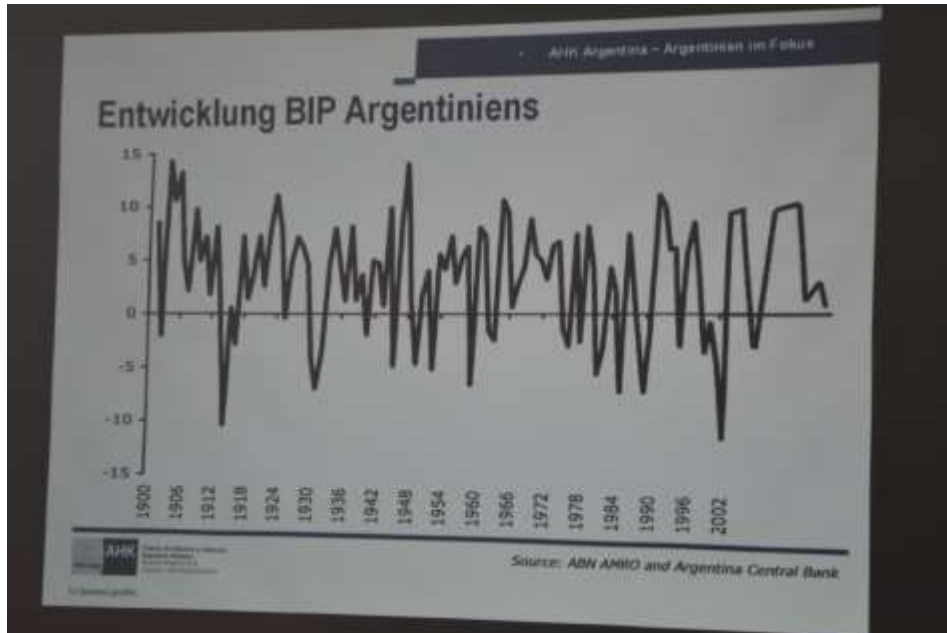
Buenos Aires | August 26, 2014

We thank Dr. Achim Viereck and his wife very much for this outstandingly tasty and enjoyable evening at their home!



Argentine-German Chamber of Industry and Commerce

Buenos Aires | August 27, 2014



The Argentine-German Chamber of Industry and Commerce in Buenos Aires, like all its 130 counterparts worldwide, seeks to strengthen the bilateral trading relationship between Germany and Argentina. Doing this, one of their main tasks is to prepare market studies of Argentina and Latin America on a regular basis. In a 90 minute lecture about the Chamber's understanding of and their main findings about the Argentinian economy, the country's lack of economical and political stability became even more clear to us. One of the staff members said "How could I tell you something in 90 minutes, what I did not understand in 40 years living in my country?".

Despite of all those difficulties, the Chamber is sure that business in Argentina is still possible. All one would need, so they told us, was a great amount of flexibility and endurance.

Pförtner

Buenos Aires | August 27, 2014

Pförtner SA is a second-generation family firm, comprising a couple of specialist business models in the optics industry. Today, more than 200 employees produce and sell everything from simple glasses to individually tailored glass eyes. Head of the company is Dr. Thomas Pförtner, who is a trained optician and holds a PhD in Economics. After showing us around his company (giving a good impression of Mr. Pförtner's perfectionism and his probably most famous customer, the Pope), an insightful discussion about how he leads his family business aroused. In this context it became clear to us that external financing is almost impossible for a company like Pförtner in Argentina because loans can not or hardly been used for investments. Moreover, we learned that Argentinian family firms do not differ from German ones in the challenges and opportunities that lie in handing over ownership and leadership to the next generation. We are very thankful for all the inspiring impressions and the great hospitality of Dr. Pförtner and his family and to Thomas Leonhardt who facilitated this great visit and talk.



Generation Argentina Mejor

Buenos Aires | August 27, 2014

In the evening of our third day in Argentina, we met up with some members of a networking community for next-generation members of Argentinian family businesses. The community connects about 40 (potential) successors of large Argentinian family businesses from different industries, like oil, finance, and technology. Principally excluded are media as well as governmental representatives. The members that we met provided a clear picture of how Argentinian politics work “in Italian chaos”. On top of that, we were told that the owners of the biggest family businesses are not necessarily connected in a trustful network – which makes e.g. lobbying quite hard and thus further deteriorates the situation. To remedy this situation in the next generation, the Generation Argentina Mejor seeks to set up regular meetings on predominant topics surrounding family business challenges. One of their goals is to promote a political change to make longer-term planning possible at least in their generation.

The very relaxed surrounding in a hotel bar made personal, direct and profound conversations with the very friendly and open-minded next generation members possible. Indeed, the meeting further expanded our understanding of Argentina and the situation of family businesses there.



Discussions with Viktor Klima

Buenos Aires | August 28, 2014

Because this day was characterized by a general strike which paralysed the entire city (and forced us to take an 14 hrs overnight bus to Mendoza instead of a 2 hrs flight that night), Mr. Leonhardt spontaneously facilitated a meeting with Victor Klima, former Federal Chancellor of Austria as well as former head of Volkswagen Argentina and governmental advisor. We were impressed by his rich experience on both the Argentinian economy but also by his experiences as a leading politician in Austria. Argentina is obviously home to many surprises!



Bodega Lagarde

Mendoza | August 29, 2014

Founded in the year of 1897, Bodega Lagarde is one of the oldest wineries in the area of Mendoza. Since 1967, it is owned by the Pescarmona family and now led in the third generation. With two sisters, Lucilia and Sofia, at its head, the winery covers about 370 acres of vineyards, resulting in about 1.2m bottles of wine per year. Lagarde creates exceptional terroir character wines that reflect a strong sustainable commitment to the land and its people. Additional attention received the fact that the two sisters were the only women to lead a winery in all of Mendoza. However, the winery in Mendoza is also affected by political decisions made in Buenos Aires. For example, the ban on imports of e.g., special machines, prevent the winery to further grow. After having visited the production sites and vineyards, we had a delicious lunch with complementing wines as well as the possibility to talk to the export manager of Bodega Lagarde.



Bodega Catena Zapata

Mendoza | August 29, 2014

Same day, another winery. This time we took part in a quite professionally-standardised winery tour in Bodega Catena Zapata – a family winery led in the 4th generation by Laura Catena. This guided tour took place very new “inca pyramid”-style building, solely built for the purpose of marketing and without much additional functional intent. In a very well produced film, we learned about the winery’s history – especially the development during the last 30 years. The good wine (Catena is famous for its Malbecs) and a spectacular view over the hills of Mendoza made this visit special for us.



Mendoza | August 30-31, 2014



Chile

La Serena | Santiago

August 31 – September 5, 2015



Compañía Minera San Gerónimo

La Serena | September 1, 2014

In a distance of approximately 72 km from La Serena (Chile), compañía Minera San Geronimo, owned by the Rendic family, operates the Tacuna mining site. Once running a couple of supermarkets, the Rendics were badly damaged by several governmental regulations, particularly price control policies. Today, the family has limited to no influence on the remaining supermarkets anymore, being nothing but part of the board.

It was back in 1963 already when the supermarket business supplied high quantities of food and other basic items to the mine sights around La Serena. One day, a nearby mining company ran up a major debt with the supermarkets and decided to settle the debt by handing over a small mining operation. This was not affected by the government, so it developed to be the most important financial investment for the Rendic family today.

All those exciting developments were vividly explained by Juan Rendic, member of the family businesses third generation during a fascinating guided tour around the site – which we are deeply grateful for. Being underground in a mine was indeed a very special experience for all of us.



Ultramar Logistica

Santiago | September 2, 2014



At Ultramar Logistica, two extraordinary presentations were waiting for us. Our host Per von Appen and his coworker Eon Gatsos gave an overview of the current social, political and economic situation of Chile, and of the family history and business, respectively.

So we learned that in Chile, the GDP per capita is of USD 19,000 and the main industries are copper, fish processing, and wood. Economic growth is around 5.5% annually. The country's high dependency on commodities such as copper makes its economy susceptible to changes in world prices of the raw material and thus quite volatile.

After that, Per, son of one of the firms second-generation founder managers, told us more about their multi-logistics service company including port management, container shipping, etc. Founded in 1952 by a former German boat captain, the company today employs more than 9000 people, generating a revenue of between 4.5 and 5 Billion USD. A very interesting key to the success and growth of Ultramar and related companies has been the strategy to maintain significant capital reserves. This has given them the opportunity to buy new ships or fleets for a fraction of their replacement value during times of financial crisis.

With all that learned, we went on much wiser and thankful therefore. Moreover, we experienced Per's exceptional hospitality during a great BBQ in his private garden.

Universidad del Desarrollo

Santiago | September 2, 2014

Prof. Gonzalo Jimenez, Director of the Centre For Enterprising Families of the UDD Business School at Universidad del Desarrollo in Santiago de Chile, surprised us with a highly interactive case study. With a family firm from the mining industry (a crucial economic sector in Chile), we were able to empathise with a couple of roles and perspectives in family firms, such as member of the operational management, board, and general meeting. The resulting discourse was enormously memorable, since we were able to dive into our roles in great detail. All in all, the impelling didactic approach allowed us to further increase our awareness of a family business's dynamics.



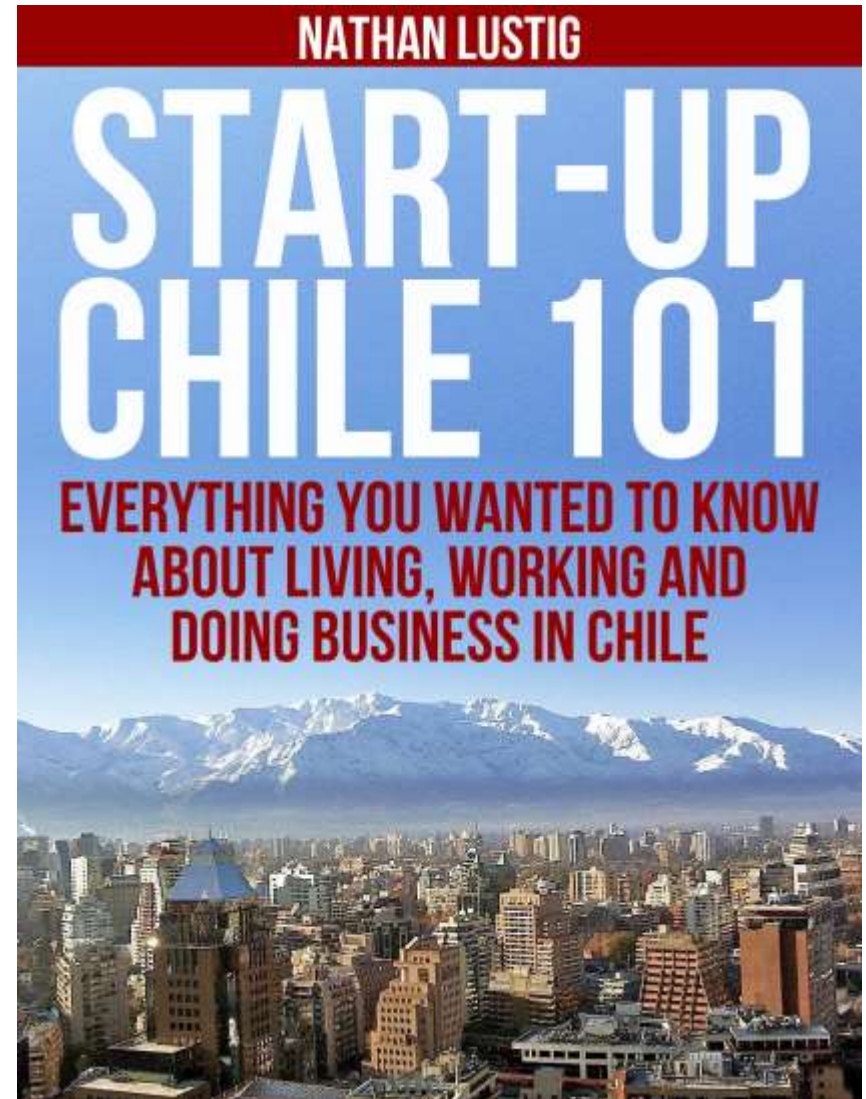


The Chilean branch of PERI, a German family firm in the formwork and scaffolding area with more than 7,000 employees worldwide, was shown to us by the managing director PERI Chile, Jorge Valdez, and his colleague Bernd Stieglitz. Chile is a highly promising market for PERI because a high share of buildings is made of concrete due to the frequent earthquakes and the aggressive maritime climate. The difficulties that PERI Chile has to deal with focus mainly on the costs of logistic and on the recruitment of qualified employees. Nevertheless, also by emphasizing the family-induced values, PERI seems to largely avoid typical problems associated with rapid growth. Though Jorge describes a lot of advantages of the more and more standardized processes, he still likes how agile and flexible his employees work. All of us agreed that Jorge and Bernd gave us a really interesting guided tour including the thrilling visits to all interesting areas of the company and, on top of that, even a construction site of low-cost single-family houses that react to a strong demand in the stressed Chilean housing market.

Startups

Santiago | September 3, 2014

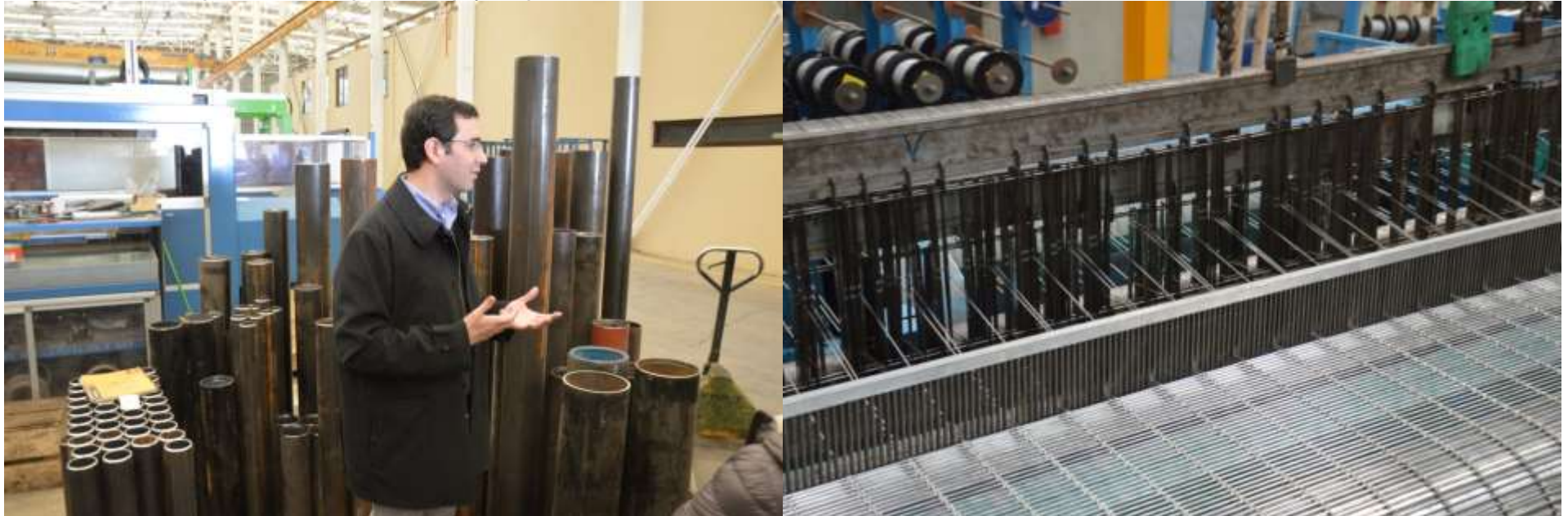
Chile seems to have quite a vibrant start-up scene. Being the richest country in Latin America (in terms of per-capita income), Chile tries e.g., to encourage the immigration of innovative founders with its program “Start-up Chile”, which gives selected founders from all over the world a starting capital of 40.000 USD and a temporary visa for one year. Some of those Start-ups are located in a co-working space right in the Center of Santiago. We met with Nathan Lustig, a 28-year old US-American and head of “Magma Partners”, which links founders with investors. We met several founders with various business models that day who gave us the impression of a really prosperous start-up scene, surrounded by an efficient labour market and a quite stressed housing market. However, the biggest problem for Chilean start-ups seems to be the long-term funding. Neither exists a working crowdfunding-platform, nor are investors venturesome enough to invest in something uncertain, in terms of growth, like a start-up. On the other hand, Chile’s administrative apparatus seems to be much more efficient than for example Argentina’s. It was a great pleasure for us to meet Nathan and the start-up founders, who gave us those inspiring look into a rapidly developing start-up scene.



GKD LatAm S.A.

Santiago | September 4, 2014

GKD is a traditional German family business focused on weaving meshes made of metals and other materials which founded a joint-venture together with the Chilean Group Eco. After meeting each other by pure chance back in 2007, the managing directors of GKD and Group Eco decided to start working together. Today, about 150 employees sell the products of GKD in Chile, which are special machines, worth around a million USD each. At the same time, the staff of Group Eco is trained at GKD's production plant in Germany. The companies both are very focused on innovation, young employees and high quality. During our visit, we learned a lot about the secrets of success in cross-cultural collaboration. On top of that, Group Eco boss Mr. Celedón's story of the disastrous earthquake in 2010 was wowing. The damage was such serious that even parts of the production plant collapsed. Miraculously, nobody was injured or killed. Right after the catastrophe, Mr. Celedón gathered all employees together and gave the speech of his life. He told us that was he employee's willingness after that was „the best experience of my life [...] if we would go to war with my team - I know we are gonna succeed“. Mr. Celedón's entrepreneurial spirit deeply impressed all of us.



Fantasilandia

Santiago | September 4, 2014



Fantasilandia is an amusement park in Santiago which was opened in 1978. Half a million people visit the park each year and are cared for by the 500 employees of Fantasilandia. In Chile, Fantasilandia is a strong brand with a reputation for its high quality. The founder, a 70 year old educated farmer, put an old dream into practice when he founded the park. Two of his four children are already working for the park as well, but do not hold any share yet. What was quite unusual in Chile, is that the family is organized in a family council, which has the mission to foster the communication of the family about family strategy and succession. Besides the park, the family holds 85 companies, mainly in the agricultural sector. This very diverse investments make them independent of political instabilities. The success is further supported by a very high reinvestment rate of about 99 percent. We got a good sense of the family's influence and its values on the group's culture, which we were deeply impressed by.



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