Setting the Stage

In the face of statistics which report the demise of many a family business by the time it is run by 3rd generation family members, it is refreshing and encouraging to come across a family-run beer brewery that has existed for almost 300 years and is into its 7th generation of leadership.

Bavaria N.V. is the second largest brewery and one of the top ten oldest family businesses in the Netherlands. Headquartered in Lieshout, North Brabant, the company is fully owned by the Swinkels family, with 25 family members active in various parts of the business, from the warehouse, the brewing laboratory to the management board. All five members of the management board are family members; and there are more than 140 family members who jointly own the company, stay well-informed, and are very proud of ‘their business’.

Bavaria produces about six million hectoliters of beer annually, has a revenue of over 600 million €, approximately 1,000 employees, and is active in 120 countries. Bavaria’s ambition is to make a positive contribution to society. This is based on the idea of making the brewery better and more sustainable before handing over to the next generation – a succession principle that is robustly held within the company and reinforced by a mandatory retirement age of 62.

The secret to Bavaria’s enduring success lies in its family values and its ambidextrous capability to focus on the current business while simultaneously maintaining a long-term focus.

Holding the Mirror

Based on its holistic approach, Bavaria is undertaking all sorts of initiatives to become a continually more responsible and more sustainable business. One good example of this is the ‘Farmer Beer Water’ (‘Boer Bier Water’) project. This involves collaboration with local businesses and the government to ensure that the soil and water it uses stays healthy. After all, a healthy ground means healthy water. This ensures that pure water can be enjoyed not only by the current generation, but their children and grandchildren too.

Water is Bavaria’s most crucial raw material since it makes up more than 90% of beer. Current CEO and 7th generation Swinkels, Jan-Renier, explains: ‘Where there is water, there is beer.’ Consequently, the business is very cautious in its water use. Its policy is focused on the most efficient use of water possible and consists of two important aspects, water quality and water quantity— in other words, the use of water.

The ‘Farmer Beer Water’ project is focused on sustainability, enjoyment both now and in the future. Bavaria is not solely focused on its own profit, but also on developing initiatives related to people, communities, the surroundings and future generations. Its management understands that great companies invest themselves in developing bi-focal vision: meaning, that the company remains focused on overcoming its present challenges while simultaneously revitalizing itself to be open to evolution and growth.

Jan-Renier Swinkels is aware of the long-term focus required to achieve sustainability goals and to generate the necessary level of inspiration.
“Every generation has the brewery on loan from its children and their children. That means that continuity comes first.”

**Connecting the Dots**

Within the ‘Farmer Beer Water’ project, different sub-projects have been set up to maintain the vitality of the ground, and thus of the water, over the long term. These projects have to be easy to implement and economically attractive. They can be divided into four domains:

**Water:** Bavaria and the farmers use a lot of water. So the Water project group looks at how water is used, and the most effective manner to do this. For example, residual water from the brewing process is sent back to farmers. What’s more, weirs have been constructed and extra ditches dug to prevent the soil from drying up—as, after all, a wetted soil needs less water.

**Crop protection:** The Crop Protection project group looks at technical innovations in crop-growing techniques to see how the use of pesticides can be reduced.

**Healthy soil:** Soil vitality means a healthier crop and therefore a healthier living environment. Furthermore, soil vitality ensures that ground water stays healthy.

**Barley:** Farmers usually do not grow barley, because on one hand it is laborious, and on the other it is very difficult to make it profitable. Therefore, Bavaria pays local farmers extra to grow barley.

Through collaboration, the ‘Farmer Beer Water’ project allows objectives to be reached that could not be achieved alone. It’s the combination of the various components of the production chain that makes the project so special. Bavaria works with, among others, the municipality, the water management authority, and local farmers. Ultimately, this collaboration, together with close communication and the mutual sharing of knowledge, is a vibrant way to increase sustainability.

The other way in which the Swinkels family has truly connected the dots has been the orderly evidence of transitions taking place across seven generations to date. Eschewing the word “succession” and its notion of a one-time event taking place at a specific moment, the Swinkels have presided over several dynamic transitions that evoke the notion of a longer timespan and promote continuity. Direct descendants have always been welcome to work in the company. But they have had to be genuinely interested in the business, and have had to prove their skills and ambitions. To keep the family spirit alive, family members were encouraged to work in the brewery during their student years to become acquainted with...
various aspects of the business. As Jan-Reiner Swinkels puts it: “We have enough talent in the family. I am certain that the right people are here; we just need to spot them and provide them with the right jobs.”

The development of the Swinkels family manifesto was also an inspired way to strengthen the family identity and bonds for the future. In 2014, the Management Board initiated the process and the family reviewed its vision, mission and values in order to make them more explicit, tangible, and easy to connect with. The first proposal was discussed at board level, then reviewed with 7th generation family members working in the business, before being introduced to all stakeholders. It turned out to be a refreshing and engaging exercise that served both family members and employees as a strategic navigator for the future.

Creating Impacts

The beer brewing landscape has changed considerably over the past decade, mostly through heavy consolidation. While the global market has continued to grow, the mature European market that had historically been the stronghold of Bavaria has become stagnant. The company has responded through bold initiatives like launching a premium brand bearing the family name at the high end; adopting guerilla marketing tactics driven by a Challenger mindset; and boldly expanding into untapped emerging markets like Ethiopia as a beachhead for doing business eventually in Africa. Each of these initiatives, on its own, would have caused many a sleepless night in the C-suite of many an organisation. Taken together, they demonstrate a company with a surprising willingness (for a 300-year old organisation) to reinvent itself for the times. No doubt it has been a posture made easier by the obvious alignment of the management board behind transparent, motivational goals.

The company has also achieved a number of tangible impacts in the last few years in the areas of responsible packaging, code of conduct, and sustainable employability. In terms of responsible packaging, the company has designed a beer bottle that weighs 30 grams less than the previous one, which means it uses less glass in the production process and reduces CO₂ emissions during transport. On the code of conduct front, it has instituted one that has now been signed by 99% of their packaging suppliers and by 95% of their raw materials suppliers for their facilities in Lieshout - which represents approximately 70% of their purchasing volume. When it comes to sustainable employability, they recognized that the average age of their staff began to rise in recent years and that some were finding it more and more difficult to keep pace with job demands in a healthy manner. Since the company has limited opportunities for staff members to switch to different duties, they started a ‘generation’ scheme in 2016. This offers members of staff an opportunity to gradually reduce their work ahead of their retirement whilst keeping most of their income.

While it can be challenging to gauge the overall effect all of these efforts can have on a business, Bavaria has noticed that the government has become far quicker in its decision-making on issues of relevance to its operations, as it values the way Bavaria conducts itself in a conscious and respectful manner. The brewery doesn’t want an economy that is wasteful and polluting, but one that’s sustainable. This means not maximizing material wealth, but welfare—both of current and future generations, as well as of people elsewhere.

Identifying Next Steps

No one can refute that sustainability is the most important challenge – and opportunity – facing business today. Bavaria’s experience has shown that you can achieve more by working together than alone; that a sustainable economy and socially responsible business are no longer secondary issues; and that there is a way to consciously alter the business of our lives to permanently improve the fabric of our lives.

Jan-Reiner Swinkels describes sustainable business as “the core of doing business, not only necessary because of climate change and depletion of the Earth’s natural resources, but because it offers great economic opportunities.”
Bavaria has demonstrated itself to be a responsible business in all areas, looking at its employees, clients, consumers, suppliers and society in a holistic manner. For this, the 7th generation family business was recognized as the ‘best family business in the world’ at the FBN Global Family Business Summit in 2015, receiving the IMD-Lombard Odier Global Family Business Award.

Looking ahead, Bavaria wants to realize their dreams and ambitions responsibly. Together with their stakeholders, they designed a model in 2015 that will help them to achieve that. They call this the CSR Crown Cap. The CSR Crown Cap unites all of their activities and programmes in terms of sustainable business practices. The foundations for the CSR Crown Cap were formed by their 2014 manifesto and its ensuing pillars: quality, continuity, enjoyment and cohesion. They have also identified a number of specific areas to push even further, including:

- Achieving 10% savings on energy, water, wastewater, waste and packaging per year from 2016 up to 2020
- Generating at least 50% of their energy by means of sustainable sources by 2020
- Reorganizing the company in such a way that they waste as few raw materials and consumables as possible, producing as little waste as possible in the process. They call this circular entrepreneurship.
- Optimising all of their logistical processes in order to contribute to a more efficient and greener transport of their products.

In 2016, the company began publishing an integrated report, which details both their financials and sustainability efforts. Beyond the CSR Crown Cap details already listed, it wants more visibility abroad for its family values, intensified dialogue with stakeholders, more attention for personnel, ambitious and measurable KPIs, reduced pollutant emissions, and promotion of responsible alcohol consumption, in part through greater focus on its alcohol-free beers. It relentlessly strives to move beyond mere cost efficiencies, because it realizes that sustainability isn’t just good for business – it is good business.

For more information: http://duurzaamheid.bavaria.com and http://www.boerbierwater.nl (dutch)