
Family cohesion as a longevity factor in family businesses: the case of Persán*

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Introduction

The relevance of family businesses in most countries proves the significance of studying their ownership and management transfer mechanisms and their survival rates. However, the literature does not yet include many works on the longevity of family enterprises, their risks, and the factors that contribute to their viability in the long term. Worldwide statistical data offer a somewhat discouraging view of longevity in family-owned businesses, for only around 30% of them reach the second generation, and as few as 3% survive to the third.¹ After the publication of Ward's study, claims for more empirical research works on this matter have been frequent, and Stamm and Lubinski affirm that firms' survival rates "only make sense within a broader discussion of their geographical and historical contexts".²

This article considers a family business as an enterprise "whose management and control will be conveyed to the next family generation". Therefore, longevity and survival are strategical goals for family businesses and, at the same time, a measurement of their performance.³ Longevity is understood as

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1. In defence of the family firm, Howorth et al. (2006, p. 235) argue that, measured in time, non-family businesses do not reach a higher survival age than family businesses: "[they] generally do not survive the equivalent of one generation, for example, 25 years".

2. Ward (1987), Stamm & Lubinski (2011), p. 118.

3. Ward (1987, p. 252). Family businesses have been defined according to one dimension (ownership, management, generational continuity), two dimensions (ownership and manage-

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the continuity of a family firm beyond the working life of its founder(s). During this process, the name of the company is preserved and the family remains connected to the management of the business.⁴

This research paper focuses on small and medium-sized firms, because large family-owned businesses are the usual object of study for most researchers in this field.⁵ The analysis of small and medium-sized enterprises shows their extreme variety. However, there are two elements that can be pinpointed as common factors: one is the degree of specialization of these firms' production, linked to the specificity of their target market; the other one is their type of ownership and management, particularly the capacities and attitudes of their governing bodies.⁶

In the universe of small and medium-sized enterprises, the intense relationship between family and company is even more relevant than it is in large family firms. This is the reason why researchers focus on both the business family and the family business. Both are intimately interconnected and mutually dependant, so that any changes or problems affecting one of them automatically have an impact on the other.⁷ The bond is so strong that it is difficult to separate them, as if they formed a Möbius strip, which apparently has two sides but in reality has just one, creating confusion between the family, its business interests, the firm, the shareholders, and their socioeconomic environment.⁸

The union of family and company is especially challenged during the transfer of ownership and control from one generation to another, a most delicate moment in the history of the firm as regards its development, longevity and prosperity.⁹ Intergenerational transfers are understood as the actions and events involved in the process of conveying the company's management from one member of the family to another.¹⁰ It is characterised by, on the one hand, a biological need that imposes the substitution of the older generation by the younger in order to ensure the firm's continuity, and, on the other, a handover of power not based on market decisions.¹¹

ment) and multiple dimensions: see Sharma (2004), Handler (1989), Westhead & Cowling (1998), Astrachan & Shanker (2003), Fernández Pérez (2003), Colli (2003), Colli & Rose (1999, 2008), and Colli et al. (2003). Thorough literature reviews on the topic can be found in Litz (2008) and Colli & Larson (2014).

4. Sharma & Salvato (2013), p. 34.

5. Fernández Pérez & Lluch (2015).

6. Colli and Rose speak of "intrinsic diversity" (2008), p. 194.

7. Lee (2006), p. 175, Ibrahim et al. (2009).

8. Litz (2008), Antheaume et al. (2013), p. 17.

9. Rose (1993), De Massis et al. (2008), p. 86, Howorth et al. (2006), Chua et al. (2003), Stamm & Lubinski (2011), Beckhard & Dyer (1983).

10. Sharma et al. (2001), Chua et al. (2003).

11. Ibrahim et al. (2009), p. 3.

Considering all this, the present work can be integrated in the mainstream of business history, which is interested in identifying, through the study of individual cases, the longevity factors of family businesses.¹² In fact, the literature underlines that families with clear guiding principles, actively involved in the business and provided with governing mechanisms tend to avoid discrepancies between their members' opinions and positions, when discrepancies are the cause of 70% of business failures.¹³ Imbalance puts at risk the most remarkable feature of family businesses, which is their being the legacy of one generation to the next.¹⁴

More specifically, this article focuses on family cohesion as a longevity factor in family firms, inasmuch as it facilitates intergenerational transfers.¹⁵ Family cohesion refers to the degree of closeness and the intensity of the emotional bond between the members of a family. The literature insists that cohesion within the next generation allows the distribution and liquidation of the inheritance to adjust to the pace and needs of the company, and becomes the basis on which new strategies can be implemented.¹⁶

This work highlights the role of family cohesion as a catalyst of succession within a company, because when problems emerge cohesive business families and family businesses are the ones capable of understanding the boundaries between family and enterprise in a flexible way and have therefore greater chances of survival in the long term.¹⁷ If family cohesion has a positive influence on the successful transition towards new goals and managers, the question arises as to whether the lack of it can be a negative factor when facing succession within the family.

The degree of family cohesion is also influenced by the size and degree of concentration or dispersion of the firm's ownership. In relation to size, a fourth possibility has been recently added to the three basic forms of family ownership (owner manager, sibling partnership, and cousin consortium): the extended family, understood as an expansion of the cousin consortium that

12. Case studies have the potential to clarify the connection between the owning family and the firm's survival: Church (1993), Fernández-Roca (2007, 2012), Jones et al. (2013), Mackie (2001), Mahoney (2003), Scranton (1992), Wild (2010).

13. Colli et al. (2012), Sharma & Nordqvist (2013).

14. Colli & Larsson (2014).

15. Fahed-Sreih & Djoundourian (2006), p. 226. De Massis et al. (2008) provide a relevant list of factors that could prevent intra-family succession, grouped in sets of individual, relational, financial, contextual and procedural factors.

16. Colli et al. (2012).

17. "Flexibility enables adaptability to the changing internal and external environment. In turn, adaptability is a necessity for longevity. [...] Research has highlighted the importance of both continuity and adaptation in ensuring the longevity of family enterprises", Sharma & Salvato (2013), p. 37.

includes owners who are in-laws or have no blood ties with the family.¹⁸ Management by an extended family requires the existence of governing bodies, since the family's increasing size hinders the holding of regular meetings – a “family council” would be, in this sense, a solution. It also makes partnership agreements necessary, so as to deal with relationships within the family, given that the phase in which testamentary dispositions were enough to ensure and control the transfer of ownership rights and norms of behaviours is over.

The connection between cohesion and ownership contraction/dispersion is based on various factors. First of all, the active participation of family members in the business has both advantages and disadvantages. On the one hand, it can reduce conflict through the concentration of the decision-making power in one or a few major shareholders. This way, the family business enjoys the benefits of reducing agency costs and offering better performance without the penalty of separating ownership and management. On the other hand, the concentration of control in the hands of a few family members may be detrimental to the company's performance, because it restricts the use of the family's resources and marginalizes the shareholders belonging to the minority family branch, failing to maximise the possibilities of the family's human capital. Secondly, the dispersion of control among family members who occupy similar positions within the business is not unproblematic. Even if it stimulates all shareholders to contribute their resources to the family business, it can also generate conflicts due to disagreements over the company's future and the right strategies to pursue the vision that each of them has of the existing opportunities. These disagreements may become intergenerational and/or inter-family disputes with a negative impact on the firm.¹⁹ Consequently, in contexts where just a few family members own and manage the enterprise, family cohesion has greater possibilities of playing an important role in ensuring the firm's progress, while in contexts of dispersed ownership cohesion is less probable and the company's possibilities of survival are thus reduced.

By placing family cohesion, or the lack of it, and the relationship between family members – as the extended family configuration is consolidated – at the centre of the picture, the family's relevance outgrows that of the enterprise itself. This is the reason why this work focuses on the business family, understanding that, as a level of analysis, it is more germane than the business as such when it comes to studying its longevity, because the psychological dimension of the family dynamics in the succession process cannot be ignored.²⁰ Families are composed of individuals who do not always agree on the issues

18. A fifth possibility is the mixed family and non-family ownership, Sharma & Nordqvist (2013).

19. Goel et al. (2011).

20. Holt & Popp (2013).

that need to be solved, even when they work together. And, like all organizations, families are dynamic groups that change while they evolve. Furthermore, family businesses tend to break up into various units due to the divergent visions that the different family members may have of the company itself.²¹ Family members appear and disappear and their relationships undergo different phases, experiencing tension, disagreement, even conflicts that can affect several generations and family branches and be very destructive, to the extent that, if uncontrolled, they may transcend the personal sphere and damage the family enterprise.²² The combination of emotional factors can cause the failure of predesigned succession plans, which cannot, therefore, always guarantee business longevity.²³ Basically, families tend to be emotional while businesses are objective, and, as a result of this, families tend to protect their members while businesses are less inclined to do so.²⁴

The case presented here illustrates the mutual relationship between business and family. The analysis of how the two are integrated contributes to covering the shortage of research works in this field.²⁵ Persán is a 75-year-old family enterprise that has escaped the effects of the high mortality rate of Spanish large family-owned companies in capital-intensive sectors.²⁶ Among the very few Spanish family firms in the chemical sector, it is the only Andalusian company, as well as the only one specialized in the production of soaps and detergents. But it has somehow been ignored by Spanish business history until now.²⁷

Persán was founded around 1940 by the brothers Eustasio and Francisco de los Santos Piazza and by Francisco García Lorenzo. As the number of agents involved in the firm's management and the dispersion of ownership increased, the three family branches experienced a series of confrontations concerning the control over the company. The final result was a concentration of ownership, after the year 2001, around the Moya Yoldi family (Francisco García Lorenzo's heirs), who prevented the company's demise in the 1990s and ended up consolidating it as a successful business.

A family-owned firm like Persán must adequately manage four elements: i) the growth of the family (given the conflicts that may arise around succes-

21. Colli & Larsson (2014).

22. Zellweger et al. (2012), p. 137, Gordon & Nicholson (2008), Goel et al. (2011).

23. Astrachan & Kolenko (1994).

24. Lee (2006), p. 176, Goel et al. (2011).

25. Wiklund et al. (2013).

26. Colli et al. (2003), p. 29. Persán is the most important Spanish company in the detergents industry, with a 40% market share. In 2013, its shareholders' equity amounted to 65 million euros, while its sales reached 357 million euros. (Persán's website: <http://www.persan.es/compania/quienes-somos/>, last checked on September 22, 2015.)

27. In fact, there are no references to it in the book *100 Empresarios Andaluces* by Parejo (2011).

sion), ii) the increase of staff, iii) the increment of financial resources, and iv) the normative framework, which can have a positive or negative impact on the company's survival. The family's involvement and commitment, the design of an adequate succession plan, and the existence of competitive advantages are all crucial in this sense.²⁸

Spanish family firms have overcome the problems they were confronted with by adopting the so-called "Catalan way" of transition towards professionalization and a new organisational model including: (1) an increasing number of family members with higher education in the board of directors, (2) the constitution of formal structures and instruments of dialogue (board of directors, family council, succession plan, among others), (3) the control of these structures by the family and by highly reliable external professionals, and (4) the recruitment of external professionals.²⁹ Along with this process, the idea of family cohesion naturally takes shape. Given the psychological dimension of family relationships, family cohesion may imply a successful inter-generational transfer, increasing the possibility of business longevity. The lack of it may weaken the delicate balance required for the process and lead to performances that compromise the future development of the family business.

The documentation available to study this case was scarce and limited by the absence of a historical archive at Persán S.A. This limitation was compensated for by consulting external sources like the Archivo General de la Administración (General Archive of the Administration), namely its Labour Union and New Industries sections, and the Archivo de la Delegación Provincial de la Consejería de Empresa, Empleo y Comercio de la Junta de Andalucía (Archive of the Provincial Delegation of the Department of Employment, Enterprise and Commerce of the Andalusian Government).³⁰ Information from the newspapers *El Correo de Andalucía* and *ABC* and from journals like *Andalucía Económica* was also incorporated. Oral history – the benefits of which have been profusely described, although its use is still very restricted – was resorted to with the purpose of completing this information.³¹ Personal interviews were thus conducted with Concepción García Gordillo (Francisco García's daughter), Francisco and Concepción Yoldi García (Francisco García's grandchildren), and Antonio Somé (former employee and father of the current CEO of Persán).

The following section presents a brief history of Persán, from its origins to its consolidation. Next, the role of the founding families is analysed. They were average families for their generation and ended up facing the common prob-

28. Fernández Pérez (2013), p. 36, Suffía (2015), p. 3.

29. Fernández Pérez (2013), p. 60.

30. This archive has incorporated the collection of the former Provincial Industry Delegation of the Ministry of Industry.

31. Hammond & Sikka (1996), Matthews (2000), Sian (2006).

lems among Spanish business families, which led them to adopt the above-mentioned “Catalan way”.³² It was during this adaptation process when tensions between generations and family branches arose and resulted in a conflict over the control and ownership of Persán, putting a violent end to the family cohesion.

The conclusions section confirms that family cohesion or the lack of it plays an essential role in the development of family businesses. In the case of Persán, while cohesion between the different family branches lasted, the company’s dynamics favoured its industrial and business growth and even facilitated making the first steps toward the necessary intergenerational transfer by integrating new family members in the organisational chart of the firm. On the contrary, when family cohesion dissolved during the critical phase of the intergenerational transfer and the confrontation between the members of the extended family who held a dispersed control of the business broke out, problems intensified, causing great losses and the near disappearance of Persán.

Finally, the disagreements and conflicts were solved and, after 2001, one strongly cohesive family branch became the single owner of the firm. This family was capable of moving forward again, achieving success despite the current economic recession and even starting the company’s internationalization process. This success translated into the maintenance of the family’s unity and the economic and financial strengthening of the family’s enterprises, so that they were ready to grow and implement new successful strategies. The Moya Yoldi family can be described as one capable of founding a dynasty, i.e., a successful *multigenerational family* that has multiplied the value of its different businesses and investments.³³

The origins of Persán

The autarchic economic policies of the first phase of Franco’s regime (1939-1952) aimed at achieving self-government for Spain. This, added to the country’s isolation in the international context, initially caused by the outbreak and development of the Second World War and subsequently by the attitude of the victors towards a former ally of Nazi Germany, generated an important shortage in the internal market. Against this background, there were three possibilities that Spanish enterprises envisaged in the 1940s and 1950s: 1) to invest in ancillary industries providing services to the large public companies, 2) to become lobbies in order to obtain political and economic advantages from the bureaucratic apparatus of the state, or 3) to develop

32. Fernández Pérez (2013), p. 60.

33. Jaffe & Lane (2004), p. 82, Colli et al. (2012).

within an industry having low entry costs and low import requirements.³⁴ The founders of Persán opted for this third possibility, as did many of the entrepreneurs who were to attain notoriety in Spain during the following decades.³⁵

The production of soap blocks had low technological and capital barriers to entry and required neither imported goods, given that vegetable oils (in this case, olive oil and its by-products) were its industrial basis, nor heavy investments in equipment. The evolution of the Spanish oil-producing sector was also determined by the autarchic experience of the first period of Franco's regime (1939-1952) and the isolation of the Spanish economy, which restricted imports of industrial oils and fats and exports of olive oil. Thus, the reduction of oilseed imports transformed the olive oil industry into the only provider of vegetable oil in Spain. In fact, a whole industrial cycle developed around it, including the facilities and machinery for the production of olive oil for human consumption (oil mills, residue mills, refineries) and the use of its by-products (soap machines, neutralizers, glycerine distillers, hydrogenators and margarine machines). In the following decades, with the introduction of market-opening measures by the State, many of the factories profiting from these advantages ended up disappearing.³⁶

Despite the importance of soap in modern societies, the quasi-artisanal character of its production during Spain's post-war period has led to this sector being ignored in the literature, causing a lack of frame of reference. The date usually given for the founding of Persán is 1940, but it is impossible to know the exact moment. The germ of the firm was the domestic soap production of the De los Santos Piazza brothers, who, confronted with the difficulty of selling their soap blocks, looked for a marketing channel, however modest, in the poverty-stricken Seville of the post-Civil War period and reached an agreement – probably verbal – with the owner of a drugstore in that city, Francisco García Lorenzo.

Documents consulted during this research allowed us to go back to 1934, when the first boiler – with a 2,000-litre capacity – was acquired by Eustasio de los Santos to produce common soap, and to 1935, when a second boiler – with a 1,000-litre capacity – was purchased by Eustasio's sister Dolores. Later, in 1938, the Ministry of Industry drew up a list of installed boilers, in which both Eustasio and Dolores de los Santos Piazza were included, each one with their own boiler.³⁷ The documents, however, do not specify the share

34. Fernández Pérez & Puig (2007).

35. This was also the road taken by Carulla (Gallina Blanca), Solans Serrano (Pikolín), Montoliu (Panrico), Lara (Planeta), Mier (Radio Lyra) and Ballvé (Campofrío) (Fernández Pérez & Puig, 2007, p.478 ff.).

36. Zambrana (2003), p. 295.

37. This is the only mention found of Dolores de los Santos.

capital of the firm, if this actually existed, and the siblings did not work outside that legal frame.³⁸

In October 1939, once the Civil War was over, the brothers asked for the corresponding permission to reopen their facilities and continue their production of common soap. In 1940, the 2,000-litre boiler was already working. Comparing the production of this boiler with those of others installed in the city of Seville (the two largest factories were Hijos de Luca de Tena and Hijos de Ybarra, with 14,500 and 28,000-litre capacities respectively) allows for an estimation of the size of the small soap factory owned by the De los Santos Piazza family.³⁹ With this boiler they produced very basic soaps with a very simple procedure that began by saponifying the oil (or its residue, whether pomace oil or used oil) and then mixing it with an alkali (usually caustic soda). The process was completed by precipitating the soap (common salt is used to separate the caustic soda and drain off the excess water) and then pouring it into moulds (after adding fragrance oils and colorants).

The commercialization of these soap blocks was carried out under the trade name of PER, derived from that of Jabonerías Persán (Persán Soap Factory). From the various personal interviews conducted it is understood that, initially, the relationship between the De los Santos brothers and Francisco García Lorenzo was purely commercial: the former produced the common soap blocks and the latter sold them in his drugstore, in bulk or by the pound. It was at a later stage when Francisco García helped capitalize the newly-born firm.

The documents of the sale of their machinery in November 1945, with the purpose of acquiring new equipment, reveal that the share capital of the firm amounted to 50,000 pesetas on that date and that the factory owned a 2,000-litre boiler, as well as whipping machines, steam heaters, accessories and utensils typical of the soap industry, coolers and an electrical engine, all of it valued at 9,500 pesetas.

Persán's soap factory was established at its present location on the outskirts of Seville in 1946. By that time, its facilities included a couple of saponification boilers of 120 and 50 litres capacity, respectively, which produced 100 kilograms of soap per day; a pelletizer, a three-roller mill, bar-moulding machines, a manual stamping machine, and an electrical engine.⁴⁰ In 1947, the

38. There is no information on whether they had formally founded an enterprise or not (List of soap producers authorised after August 20, 1938, mentioning their address and share capital. General Archive of the Administration, Labour Union section, box 34/10980).

39. That year, the joint capacity of the different producers in Seville was 45,000 litres, a figure that indicates the abundance of small-scale soap factories (List of soap producers. General Archive of the Administration, Labour Union section, box 34/10979, and List of soap producers authorised after August 20, 1938, mentioning the capacity of their facilities. General Archive of the Administration, Labour Union section, box 34/10980).

40. Ministry of Industry, New Industries section, box 71/5715.

new factory incorporated a pomace oil extraction section.⁴¹ Olive oil processing and soap production are frequently linked. That was the case in many large oil-producing companies in the area, like Luca de Tena or Ybarra, which also produced soap. In the case of Persán, the road taken was the opposite: first, the production of soap began, and then the extraction of pomace oil developed from it.⁴²

By 1951, Persán's share capital had increased to 300,000 pesetas and the company requested authorization to invest 150,000 pesetas in the enlargement of its industrial facilities.⁴³ Persán's business strategy was to grow in order to generate economies of scale. With this purpose, it developed a policy of heavy investment in its facilities. In 1964, Persán invested 7 million pesetas in its industrial plant to start manufacturing detergents as a complement to the production of soap. During the 1970s, its investments reached 120 million pesetas and, during the 1980s, as a result of the size-increasing strategy, investments rocketed to 1,100 million pesetas. Thus, the company adjusted its investment plan to the economic context, although it never stopped growing.⁴⁴

The firm was converted into a public limited company in 1973, with a capital of 9,000 pesetas equally distributed among the three shareholders. But, in fact, it was 1976 when Persán S.A. effectively appeared on the market, bringing an end to the Jabonerías Persán period, because that year the owners profited from Decree 2587/1976 of October 30, which granted fiscal benefits for business concentration processes.

The transfer of land lots, facilities, brands and patents was executed in two phases. First, in order to benefit from the above-mentioned fiscal incentives, the two enterprises Fco. de los Santos Piazza and Eustasio de los Santos Piazza, named after their founders, merged to create Persán S.A. Both firms fully transferred their assets and liabilities to the new company. One month later, the land lots registered under the name of Francisco García Lorenzo were also incorporated to Persán S.A. Persán's final capital was then estimated at 200,991,000 pesetas, divided into equal parts among the three shareholders. This capital remained untouched until 2001, when it was increased to 30 million euros (5,000 million pesetas).

41. Persán's commercial deed, September 16, 1967. Persán's Archive.

42. After undertaking the production of detergents, Persán abandoned its oil processing activities.

43. Ministry of Industry, New Industries section, box 71/6060.

44. Archive of the Provincial Delegation of the Department of Employment, Enterprise and Commerce of the Andalusian Government (former file 49,765 of the Seville Delegation of the Ministry of Industry).

Persán's owning families: crises and confrontations

From the beginning, the ownership of the company was divided into equal parts among the brothers Francisco and Eustasio de los Santos Piazza and Francisco García Lorenzo. The founders, as it was common in their generation, had no higher education or training, but there were no grave disputes among them, and the distribution of tasks within the company worked correctly, without overlapping.⁴⁵ Thus, Eustasio de los Santos oversaw the research and development department, his brother Francisco focused on the administration, and Francisco García held the industrial control of the firm.⁴⁶

The two De los Santos brothers had numerous children, and some of them – sons and sons-in-law – entered the company despite their middle- and low-grade professional qualifications.⁴⁷ Francisco García had only two daughters, Concepción and Ángeles García Gordillo, each of whom married a chemist, Francisco Yoldi Delgado and Luis Martínez Carvajal, who began their careers outside of Persán and only joined the firm at the beginning of the 1960s.⁴⁸

The second generation entered Persán during the second half of the twentieth century, a period in which Spanish family businesses were aiming at improving the education and training of their heirs so that meritocracy became a crucial element for succession.⁴⁹ More specifically, Catalan family-owned companies – founded around the same time as Persán – undertook the professionalization of their cadre, including the members of the owning family participating in the firms.⁵⁰ However, Persán incorporated its future heirs regardless of their education, and so a breach opened between the children of the De los Santos brothers and Francisco García's sons-in-law. The integra-

45. Interviews conducted with Concepción García Gordillo, Antonio Somé (senior), Francisco and Concepción Yoldi García.

46. Persán has always been characterised by a permanent effort in research and development, with a remarkable capacity for product innovation. In fact, it was the first Spanish company to produce soap flakes (Saquito) and sell them on a national scale, an operation that represented the first great leap forward for the firm. In the 1960s, it created an unsinkable soap (Flota). And, at the end of that decade, these soaps became detergents under the same trade names. For the production of detergents new investments were made, including the construction of an atomisation tower. At the end of the 1970s, there was a third major innovation: the tablet detergent (Puntomatic) for washing machines.

47. Interviews with Concepción García Gordillo and Antonio Somé (senior).

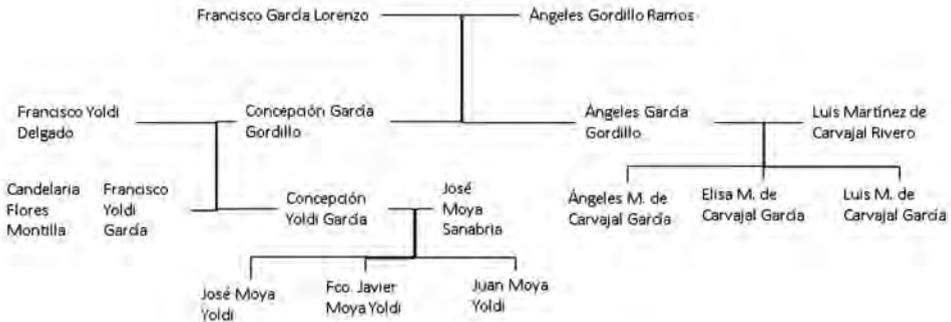
48. Francisco Yoldi Delgado's father, Francisco Yoldi, was a professor of inorganic chemistry at the universities of Granada and Seville, while his uncle, Jesús Yoldi, was a professor of general chemistry at the University of Granada. Yoldi Delgado began his professional career this way: "Soon after finishing the military service, he joined the Instituto de la Grasa (Institute of Grease), where he worked for one year. On May 22, 1955 he was hired by Brown-Raymond Walsh in Madrid to supervise the construction of the company's Latin American bases. He worked in the laboratories of Torrejón and Morón until 1959" (*Revista Químicos del Sur*, No. 94, February 2013).

49. Colli et al. (2003), p. 51.

50. Fernández Pérez & Puig (2007).

tion of new family members was due to a series of reasons: (i) the firm was growing and required that new reliable staff joined in, (ii) the company worked as an internal labour market for the members of the three family branches, and (iii) some members of the second generation needed to learn how the business worked so they would be ready when the time came to assume control over it. Thus, instead of meritocratic criteria, Persán simply followed the lines of family succession. This is the reason why in the 1980s – a decade of educational opportunities and a time in which companies in capital-intensive and science-based industries demanded the professionalization of the family management and relegated less-educated members to low-value activities, like the administration of the firm’s fixed assets – the problems between Persán’s owning families increased and the situation finally became untenable. In other words, Persán solved the problem of filling numerous managerial posts by resorting to the also numerous but often barely trained members of the different families, a decision that may well be worse than not having enough family members to incorporate.⁵¹

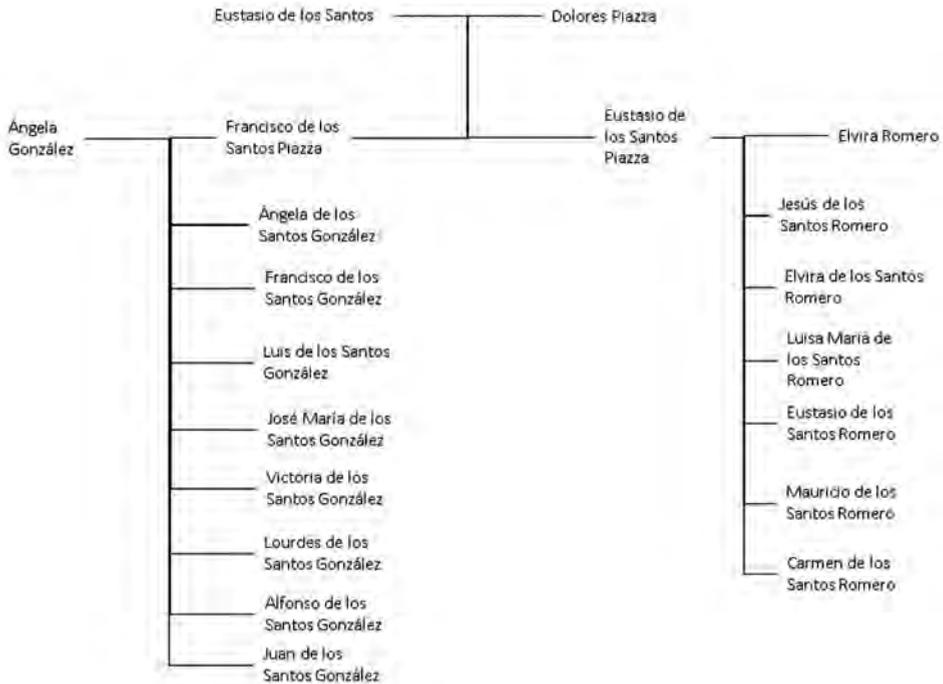
Family trees of both families



García-Gordillo Family

Source: Authors' creation.

51. Colli (2013).



De los Santos-Piazza Family

Source: Authors' creation.

In the 1970s, Persán continued incorporating new members of the different family branches, but did not introduce any formal instrument of dialogue.⁵² Only in 1976, with the foundation of Persán S.A. (the public limited company), a board of directors was finally created, the composition of which shows that it was always in the hands of the owning families. Regarding the second generation, José María de los Santos González (Eustasio de los Santos' son) held a managerial position as early as 1978, and was promoted as secretary of the board of directors in 1980. His father, his uncle Francisco (as president) and Francisco García also belonged to the board.

In 1984, this executive board augmented the number of directors from 3-5 to 3-10, granting access to higher managerial posts to new members of the second generation and increasing the dispersion of power. As pointed out in the literature, this dynamic can easily generate conflicts between pairs regarding the business strategies to be implemented. In the case of Persán, these conflicts soon became intergenerational and inter-family disputes.⁵³

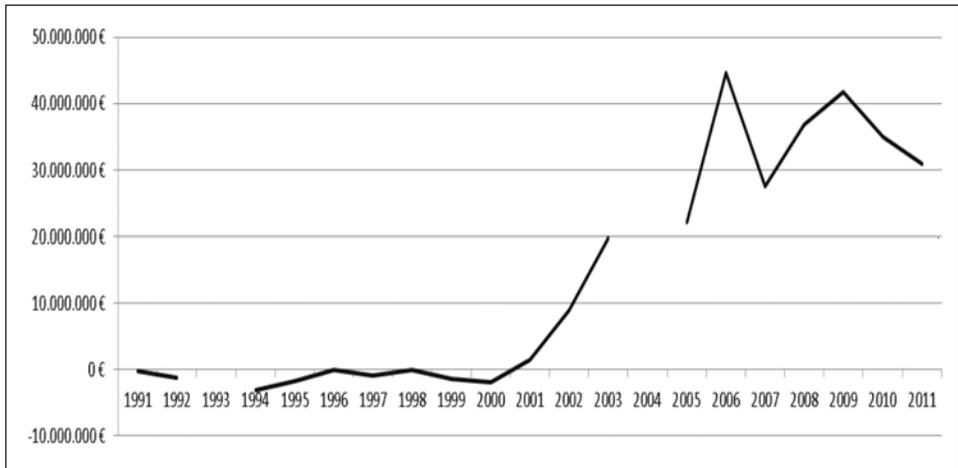
52. Board of directors, family council and succession plan (Fernández Pérez, 2013).

53. Goel et al. (2011).

The new board of directors included Francisco de los Santos Piazza as president, José María de los Santos González as secretary, and four chairmen: Francisco Yoldi Delgado, Luis Martínez de Carvajal Rivero, Luis de los Santos González and José Manuel Wamba Magallanes. The CEOs were Francisco de los Santos Piazza and José María de los Santos González. In the mid-1980s, the De los Santos family had the main role and control over Persán. They had introduced one formal instrument of dialogue, the board of directors, but had not made any progress in the establishment of others, like the family council or the necessary succession plan.⁵⁴ In this sense, given the lack of other spheres of discussion, the executive board became the space where decisions were made and quarrels emerged.

The differences between the members of the second generation of the three family branches put an end to harmony at the end of 1987, when, in the process of amending the company's articles of association, the discrepancies between the descendants of Francisco García (Yoldi and Martínez) and those of the De los Santos family became evident. That year, 251 million pesetas were distributed as dividends (an understanding was reached on this point), but the agreements of the general meeting of shareholders in relation to the distribution of votes were impugned. Until 1992, a certain social peace prevailed, with power distributed among the disputing families so that José María de los Santos González was appointed president, while Luis Martínez

FIGURE 1 ▪ *Evolution of Persán's earnings before taxes (1991-2011)*



Source: Persán's annual accounts, SABI database. See Annex 1. Authors' creation.

54. Fernández Pérez (2013).

de Carvajal Rivero held the position of secretary and Francisco Yoldi Delgado that of CEO. However, the firm's results turned negative and losses accumulated.

The difficult economic situation and the confrontation between the owning families led to the incorporation of external professionals to Persán.⁵⁵ Thus, in 1992-1993 Jaime Llopis was hired as vice-president of Persán. The trade press gave the following account of the event:

La firma de jabones sevillana Persán, se decidió, el pasado mayo, por ceder la gestión de la sociedad a gestores profesionales, que han elaborado un plan estratégico ante la crisis en que se hallaba la empresa.

Según la nueva apuesta, dirigida por Jaime Llopis, nombrado vicepresidente de la compañía, Persán podrá alcanzar una cifra de beneficios cercana a los 500 millones de pesetas en 1993, tras cumplir unas previsiones de ventas para este año de más de 1.000 millones de pesetas, cuantía que se espera que corresponda a las exportaciones que Persán intentará realizar el próximo ejercicio.

Last May, the Sevillian soap company Persán decided to put the management of the firm in the hands of professional managers, who have drawn up a strategic plan to face the crisis affecting the enterprise.

According to the new plan, under the command of Jaime Llopis, appointed vice-president of the company, Persán will have revenues of about 500 million pesetas in 1993, after meeting a sales forecast of over 1,000 million pesetas for this year, an amount that the company's exports are also expected to reach next year.⁵⁶

The objective in hiring Llopis was threefold: professionalization, specialization and internationalization.⁵⁷ One month later, Joaquín Sánchez joined the firm as director general. He was a former executive of Procter & Gamble who was put in charge of the firm's industrial organization and of controlling the production tasks, the laboratory, and the research and development, quality and purchases departments.⁵⁸ Two other new professional advisors (Baltasar Lobato and Francisco Bello), together with a new marketing director (Rafael Prados), were also hired. These recruitments meant "the resignation of six shareholders from their executive positions".⁵⁹

55. Colli & Larson (2014, p. 41-42) state that the incorporation of external professionals to family businesses may be a solution for conflicts within the family.

56. *Andalucía Económica*, 1992, July-August, no. 25, p. 112.

57. *Andalucía Económica*, 1993, April, no. 33, p. 46-47.

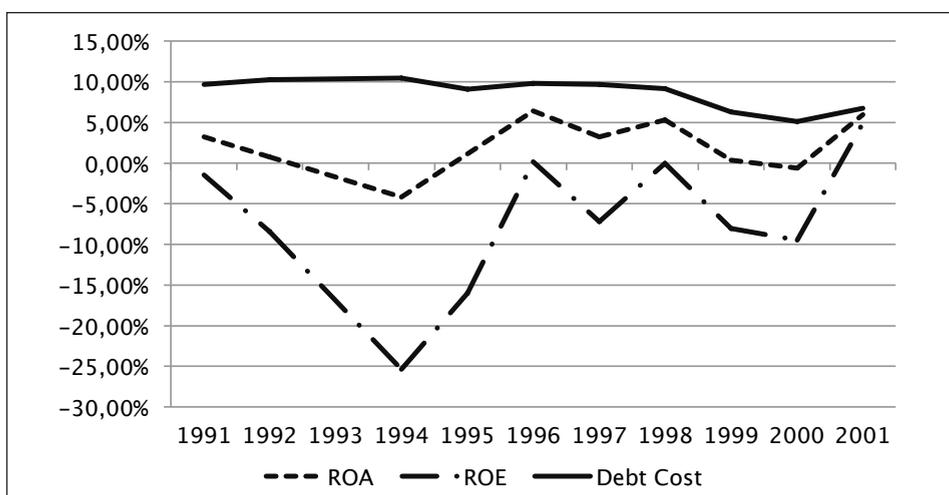
58. *Andalucía Económica*, 1992, October, no. 27, p. 93.

59. Jaime Llopis' statement, published on *Andalucía Económica*, 1993, April, no. 33, p. 46-47.

The process of specialization focused on consolidating Persán's flagship product, the compact laundry detergent Puntomatic. With this purpose, the range of this product was extended to include colour-safe and stain-removing versions. The image of the Flota range of products was also improved. And decisions were made in the direction of internationalizing the company by opening the British market to its products, thus preventing dependence on the domestic market.⁶⁰

Professionalization was not a solution per se and, consequently, the firm's performance did not keep in step with the process and losses continued to accumulate (see Figure 1). Those were years of deep economic crisis in Spain and warring between the owning families, and it was difficult to discern managerial mistakes from the effects of the delicate economic situation or to calibrate to what extent the two realities fed on each other. The fact is that there was a decrease in sales parallel to an increment in expenditure (see Figure 2 and Table 1 in the Annex). Hence, the company's earnings before interests and taxes (EBIT), which equal the sales revenue minus the operating costs, dropped from a positive value of 1 million euros to its negative equivalent. As a result, the expenditure did not have the expected positive impact on sales and more losses accumulated. Therefore, the return on investment (ROA), calculated as EBIT/total assets, also dropped from 3.25% to -4.71%. This, together with the firm's enormous financial cost, with interests ranging between 9.5 and 10.5% despite the low level of indebtedness (the leverage ratio, calculated as total

FIGURE 2 • Persán's profitability (1991-2001)



Source: Persán's annual accounts, SABI database. See Annex 1. Authors' creation.

60. *Andalucía Económica*, 1993, April, no. 33, p. 46-47.

debt/shareholders' equity, did not exceed 144%), offered a disheartening image, with the shareholders' equity decreasing from 16.8 million euros to only 12 million in those four years (see Table 1 in the Annex). In short, during the early 1990s, the company did not achieve the expected results and particularly compromised its financial capacity.

In 1994, the firm's board of directors made a new shift. The newly appointed CEO was José Moya Sanabria, the husband of Concepción Yoldi García, Francisco García Lorenzo's granddaughter. That year, "the capital was atomised, there were deficiencies at the professional level (the staff included barely twelve university graduates), there were unprofitable product areas, the financial situation was fragile, and, from an industrial point of view, some equipment was obsolete, but José Moya put the capital in order, provided Persán with a team of more than 150 graduate employees, implemented an investment plan of over 200 million pesetas and reinforced the R&D department".⁶¹

In parallel, José Moya started the process of progressively purchasing the shares that belonged to members of the De los Santos family branches, and by 1998 had taken hold of 21% of the company's capital.⁶² The shares acquired by the Moya-Yoldi marriage were grouped under Corporación Hispalense de Iniciativas Empresariales S.L., a company created in 1996 by José Moya and Concepción Yoldi with the purpose of gathering all Persán's shares together. Therefore, in 1998 the distribution of shares was as shown in the table 1.

The adjustment and closing of unproductive product lines implemented in 1995 had a positive impact that same year (the EBIT turned positive again), even if the company's financial cost in the form of interests still weighed heavily on its real profit. In this sense, even if the return on assets (ROA) was positive, its values did not exceed the cost of the debt between 1995 and 1999. Consequently, the shareholders' profitability (ROE), calculated as EBT/shareholders' equity, was still negative and the losses kept on accumulating (see Figure 2 and Table 1 in the Annex). Thus, the gradual decline of the shareholders' equity became a serious financial threat for the company (see Figure 3).

In brief, during the period 1991-2001, Persán never reached sufficiently high profitability rates to cover the cost of its debt. In no case did its return on assets exceed 6.5%, while the cost of the debt, in the best of cases (the lowest), was 5.1% (see Figure 2). The spread, understood as the difference between the return on assets (ROA) and the cost of the debt, never reached positive values. The cost of getting into debt was thus higher than the profitability obtained from the assets financed thereby. For this reason, the shareholders' profitabil-

61. Interview with Antonio Somé published in *ABC*, August 4, 2013.

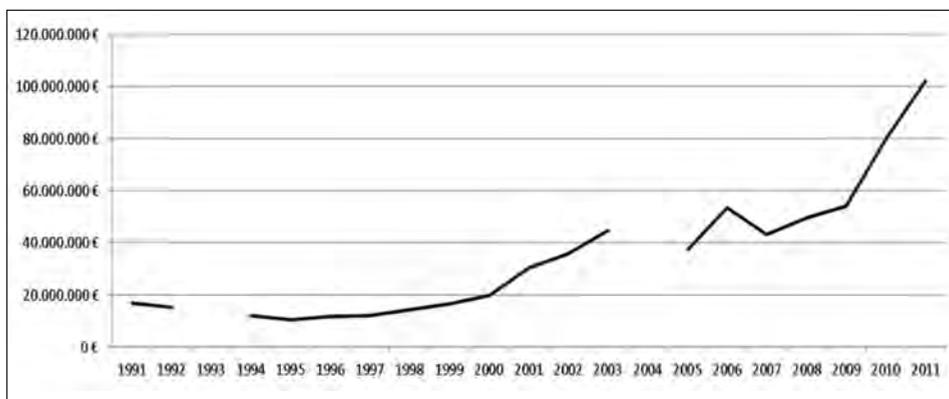
62. The resignation of the different shareholders was "generously" rewarded, according to what Concepción and Francisco Yoldi García stated when interviewed.

TABLE 1 • *Distribution of Persán's share capital (1998)*

Shareholder	Share number	No. of shares	%
Corporación Hispalense de Iniciativas Empresariales S.L.	1 to 35,518	35,518	21.20
Ángeles García Gordillo	35,519 to 62,319	26,801	16.00
Concepción García Gordillo	62,320 to 89,119	26,801	16.00
Ángeles Martínez de Carvajal García	89,120 to 91,260	2,141	1.28
Elisa Martínez de Carvajal García	91,261 to 94,238	2,978	1.78
Luis Martínez de Carvajal García	94,239 to 99,226	4,988	2.98
Luis Martínez de Carvajal Rivero	99,227 to 108,158	8,932	5.33
Alfonso de los Santos González	108,159 to 122,343	14,185	8.47
Juan José de los Santos González	122,344 to 134,612	12,269	7.32
Lourdes de los Santos González	134,613 to 148,797	14,185	8.47
Concepción Yoldi García	148,798 to 153,264	4,467	2.67
Francisco Yoldi García	153,265 to 157,730	4,466	2.67
Francisco Yoldi Delgado	157,731 to 166,663	8,933	5.33
Persán S.A. (treasury shares)	166,664 to 167,500	837	0.50

Source: Notarisation deed of the shareholders' agreement on a capital reduction granted by Persán S.A., March 24, 1998.

FIGURE 3 • *Evolution of Persán's shareholders' equity (1991-2011)*



Source: Persán's annual accounts, SABI database. See Annex 1. Authors' creation.

ity (ROE) never exceeded 5%. These negative and alarming data, recurrent for many years, affected the company's solvency. Persán's financial situation could only be described as frail. It was even necessary to mortgage the facilities to meet a debt of 200 million pesetas with the Internal Revenue Service, which, together with the mortgage, implied having to pay out 395 million pesetas.⁶³

Confronted with this reality, in 2000 José Moya signed an agreement with the Sevillian savings banks El Monte and San Fernando, the risk capital fund Andalucía 21 and the group Ahorro Corporación to carry out a capital increase. The consequence was that Persán's share capital augmented from 167 million pesetas to 5,000 million pesetas, distributed as follows: 50% remained in the hands of José Moya and Concepción Yoldi (the couple disbursed 18 million euros for this purpose, financed with a loan), 30% were for Ahorro Corporación, 10% for the Martínez de Carvajal family, and the final 10% for the two savings banks (5% each).⁶⁴

Persán's new share structure had the positive effect of restoring family cohesion, because the confrontation between Francisco García's heirs and those of the De los Santos brothers disappeared once the family branches founded by Francisco García took hold of the company. This fact also brought a considerable increase in the concentration of ownership and control over the firm. The literature affirms that family cohesion, together with the leadership of a new generation, is a necessary requirement for the development of new business strategies. In this case, after cohesion was restored and the third generation, which now concentrated the company's capital, took over the firm's management, Persán implemented a strategy based on capital increase, signed an agreement with Mercadona and started an internationalization process.⁶⁵

However, this ambitious new strategy was not exempt from high financial risks, which could lead to bankruptcy and, given that the family's property acted as collateral for the company, cause the family's ruin. In the face of this possibility, the family's response was to diversify the risk. Thus, one part of the family – the Moya Yoldis – assumed the business risk, with the guarantee of its property, and became the single shareholder. The other members of the Yoldi family, Francisco Yoldi Delgado (Concepción's father) and Francisco Yoldi García (Concepción's brother), sold their shares and retired from the firm. This way, even if the new strategy did not achieve the expected results, the future of the fourth generation – the Moya Yoldi brothers – would be secured by, above all, their grandfather's property.⁶⁶

63. Persán S.A.'s archive.

64. *ABC*, November 16, 2000.

65. Colli et al. (2012), Colli & Larson (2014).

66. Interview with Francisco Yoldi García.

The next company adjustment took place in 2001, when both Persán and Corporación Hispalense de Iniciativas Empresariales S.L. were acquired – in a process of merger through absorption – by Almonas Hispalenses S.L., founded in 2000 by the Moya Yoldi marriage. During this process, the company changed its name to Persán S.A.⁶⁷

Later, in 2004, Ahorro Corporación and the Martínez de Carvajal family left the company after selling their shares for five times the amount they paid for them in 2001. The 30% formerly owned by Ahorro Corporación and the 10% of the Martínez de Carvajal family were distributed so that the Moya Yoldi marriage kept 33% and the savings bank Cajasol the remaining 7%. This way, the Moya Yoldi marriage controlled 83% of the company. The whole operation, which amounted to 44 million euros, was financed with a syndicated loan granted by nine financial entities.⁶⁸ Finally, in 2009, Cajasol also left after receiving a reward in the form of dividends, together with the revenues from the sale and amortisation of the shares in its own portfolio.⁶⁹ The amount, approximately 34.4 million euros, was fully paid by Persán S.A.

The business collaboration with Mercadona has translated into the concentration of up to 60% of Persán's sales in the hands of this customer, tripling the turnover between 2000 and 2009 and making the company the leader in the detergents and softeners industry in Spain, despite the presence of major multinationals like Henkel, Level and Procter & Gamble.⁷⁰ In addition, the firm's classic brands, Flota, Puntomatic and Saquito have been reinforced. In 2013, the company's turnover was more than 380 million euros and it was expected to reach the amount of 500 million euros soon.⁷¹

Persán's financial data for the period 2002-2011 are significantly positive (see Figure 4). The increment in sales achieved as a result of the agreement with Mercadona resulted in an increase of the EBIT, from 11.8 to 35.7 million euros, and of the investment, from 98.8 to 259 million euros. The margin (EBIT/sales) augmented during that period with rates that oscillated between 8.45% and 19.39%, something unusual in firms that commercialize own-brand products. Thus, the return on assets exceeded the ceiling of 26%, with the more discrete data at 11.97%. The cost of the debt was lower than in previous years, with the highest value at 7.5% and an average value of around 3-4%. The spread remained positive during the whole period, with the lowest value at 7% in 2002 and peaks of 23% (2006). The leverage ratio did not fall below 137%, keeping at higher levels than those reached in 1991-2001, although its composition changed significantly due to the reduction of bank fi-

67. Power of attorney, December 21, 2002.

68. Source: www.ascri.org, last visited on December 11, 2015.

69. Persán's annual accounts 2009/2010.

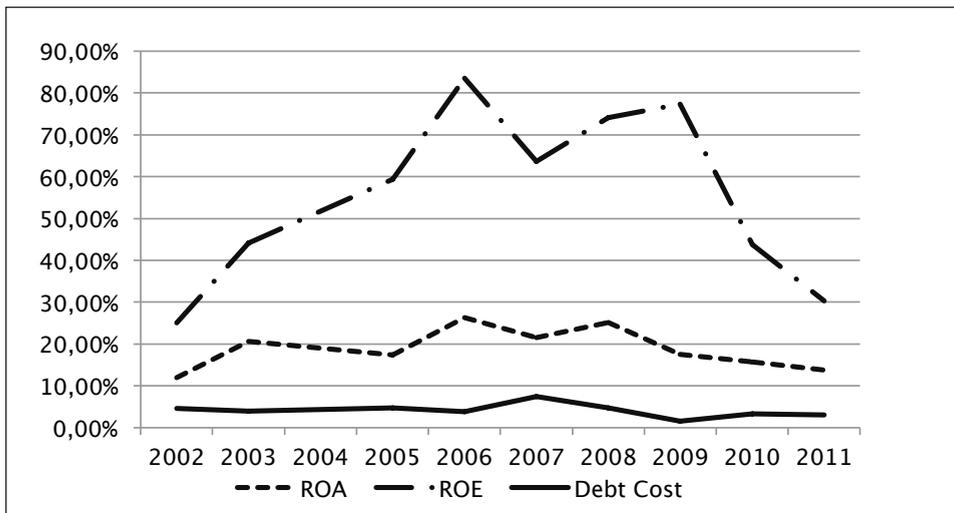
70. *Ibid.*

71. *ABC*, August 4, 2013.

nancing and the increment of financing from suppliers. This change, together with a policy of low interest rates, brought down the firm's expenses on interests. Therefore, Persán profited from the financial leverage to generate earnings that were finally higher than the investments made by the company's shareholders. The return on shareholders' equity (ROE) never fell below 25% during this period, and even reached values as high as 89%. The leverage ratio, however, did not rise to a dangerous level, mainly due to Persán's no-profit-distribution policy, which led to a significant improvement of the firm's solvency. In other words, under the ownership of a single family, Persán behaved as usual among family businesses: it grew organically and profited from the availability of its own resources (see Figure 4 and Table 2 in the Annex). In general, there seems to be no substantial divergence in the behaviour of Spanish and other European business families, within different chronological and economic frameworks, except for the greater intensity in the use of own resources among Spanish firms.⁷²

The current president of Persán S.A. is José Moya Sanabria, while Concepción Yoldi holds the vice-presidency and their children have places, together with the couple, on the board of directors. One of their children is respon-

FIGURE 4 • Persán's profitability (2002-2011)



Source: Persán's annual accounts, SABI database. See Annex 1. Authors' creation.

72. Toms (1997, 1998) pointed to the lack of a frame of comparison for British firms in the international context. For Spanish firms in the twentieth century, see Fernández-Roca (2007 and 2012).

sible for the purchases department and another one is the company's financial director. As part of the process of professionalization, Persán's current CEO is Antonio Somé, who has developed his entire career in the company and whose father has worked in it since its foundation. He and his steering committee make all decisions under the supervision of José Moya.⁷³ Nowadays, Persán has also a family council and a succession plan. Avoiding the mistakes of the past, the firm has provided itself with governing structures to resolve discrepancies and conflicts within the family.⁷⁴

Conclusions

This paper underlines the role played by cohesion in business families as a relevant factor for the longevity of their companies, to which the degree of concentration of ownership and control over the firms also contribute. The literature shows how cohesion facilitates the generational replacement that takes place during the succession process and how the degree of concentration/dispersion of ownership can reduce or increase the conflicts between family members. In this sense, almost 70% of business failures have their origin in disagreements within the business family.

The effects of the existence or lack of family cohesion, added to those of the unexpected problems generated in extended families where control over the company is dispersed, are well illustrated in the case of Persán. The history of Persán shows how in those periods in which the owning families were united and ownership was concentrated, the firm developed a positive dynamic. Thus, during approximately the first thirty years, the company grew and developed its capacity for innovation (unsinkable soap, soap flakes, tablet detergent). The incorporation of the second generation of the different family branches and the transformation into a public limited company were undertaken when, at the end of the 1970s, family cohesion and ownership concentration were still a reality.

In parallel, however, the basis for future problems was being laid, given that no meritocratic criteria were used to select and appoint the members of the second generation incorporated to the firm and that family succession lines were applied as such, transforming the company into an internal labour market for the owning families. In addition, with the exception of the board of directors, none of the formal instruments of dialogue, like the family council or the succession plan, were put into operation. The lack of governing structures in increasingly extended families, added to the mounting degree of

73. *Diario de Sevilla*, July 30, 2013.

74. Interview with Concepción Yoldi García.

dispersion of ownership and control, favoured the eruption of disputes between families and generations.

Thus, between 1987 and 1994, Persán was a battlefield for the owning families. The company had to, on the one hand, face the changing economic climate in Spain and manage the staffing table and ever-increasing financial needs, while also trying to handle the coexistence of family members of the second and third generations with an increasingly dispersed ownership. The so-called (by the literature) “Catalan way” of transition to a model of corporate governance and professionalization was only partially adopted, because higher studies were still not the norm among the family members in the executive board and the formal bodies and instruments of dialogue were not expanded beyond the board of directors, which was composed by members of the opposing families. Finally, the hiring of external professionals was postponed until 1992 and was implemented only as the last resort to try to relaunch the firm and resolve the fratricidal conflict.

The final change of direction took place in 1994, when José Moya (Concepción Yoldi’s husband) entered the company and imposed a resolute strategy of professionalization, concentration of the atomised capital, and rationalization of the industrial areas. As a result, between 1994 and 2000, the De los Santos brothers’ heirs gradually left the company after selling their shares, and only Francisco García’s heirs remained as owners.

With ownership in the hands of a single family branch, cohesion and control concentration returned to the business family and the firm, and it was possible to undertake, first of all, the financial operation of the year 2000, which involved an important capital increase, and, subsequently, a new strategic plan based on the agreement with Mercadona and the start of the internationalization process. It was then when Persán’s character as a family business appeared more clearly, because the company’s own resources increased and the family made the decision of diversifying the risk, so that one family branch assumed the entrepreneurial risk while the other stepped back to safeguard part of the family’s property.

Today, Persán is the leading Spanish company in the detergents industry, it is fully professionalized, its fourth generation has already entered the board of directors, its ownership is still concentrated in one single family, it has enough formal instruments of dialogue, it is managed by a reliable external professional, and it owns a subsidiary in Great Britain.

In summary, in a context of only a few members, family cohesion has a greater opportunity to play an important role in guaranteeing the development of an enterprise, while, in a context of dispersed ownership, cohesion is less probable, reducing the company’s future possibilities.

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ANNEX 1

TABLE 1 - Persán's profitability (1991-2001). Source: Persán's annual accounts, SABI database. Authors' creation.

Profitability	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total assets	29,206,110	30,741,560	--	29,568,550	32,821,200	34,168,890	31,816,560	33,991,290	39,955,050	51,546,760	87,697,269
EBIT	950,000	240,370	--	-1,234,460	371,310	2,189,120	1,019,120	1,800,600	146,410	-333,490	5,248,572
Sales	46,130,180	41,087,570	--	42,977,170	52,318,540	70,428,270	74,599,700	76,675,740	87,102,170	102,800,430	122,967,314
ROA	3.25%	0.78%	--	-4.17%	1.13%	6.41%	3.20%	5.30%	0.37%	-0.65%	5.98%
Margin	2.06%	0.59%	--	-2.87%	0.71%	3.11%	1.37%	2.35%	0.17%	-0.32%	4.27%
Turnover	157.95%	133.65%	--	145.35%	159.40%	206.12%	234.47%	225.57%	218.00%	199.43%	140.22%
Interests	1,201,180	1,544,580	--	1,820,060	2,029,560	2,170,710	1,889,950	1,800,600	1,476,770	1,538,510	3,760,706
Total debt	12,408,150	15,027,740	--	17,399,390	22,396,830	22,156,020	19,589,160	19,724,530	23,400,110	30,194,720	56,030,028
Shareholders' equity	16,797,960	15,468,530	--	12,046,520	10,363,050	11,877,890	12,150,880	14,225,330	16,537,120	19,767,160	30,418,514
EBT	-251,180	-1,304,210	--	-3,054,520	-1,658,250	18,410	-870,830	0	-1,330,360	-1,872,000	1,487,866
ROA	3.25%	0.78%	--	-4.17%	1.13%	6.41%	3.20%	5.30%	0.37%	-0.65%	5.98%
ROE	-1.50%	-8.43%	--	-25.36%	-16.00%	0.15%	-7.17%	0.00%	-8.04%	-9.47%	4.89%
Cost of debt	9.68%	10.28%	--	10.46%	9.06%	9.80%	9.65%	9.13%	6.31%	5.10%	6.71%
Leverage ratio	73.87%	97.15%	--	144.43%	216.12%	186.53%	161.22%	138.66%	141.50%	152.75%	184.20%

TABLE 2 • Persán's profitability (2002-2011). Source: Persán's annual accounts, SABI database. Authors' creation.

Profitability	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total assets	98,969,286	106,890,417	--	160,067,000	189,082,000	171,608,000	168,370,000	256,559,000	259,386,000	259,160,000
EBIT	11,847,860	22,095,651	--	27,946,000	49,798,000	37,045,000	42,366,000	44,898,000	40,915,000	35,761,000
Sales	140,282,452	172,995,316	--	221,760,000	256,859,000	273,945,000	284,810,000	289,854,000	268,921,000	287,492,000
ROA	11.97%	20.67%	--	17.46%	26.34%	21.59%	25.16%	17.50%	15.77%	13.80%
Margin	8.45%	12.77%	--	12.60%	19.39%	13.52%	14.88%	15.49%	15.21%	12.44%
Turnover	141.74%	161.84%	--	138.54%	135.85%	159.63%	169.16%	112.98%	103.68%	110.93%
Interests	2,857,535	2,399,788	--	5,785,000	5,175,000	9,566,000	5,525,000	3,128,000	5,883,000	4,795,000
Total debt	61,981,918	61,250,822	--	121,508,000	134,702,000	127,611,000	116,119,000	200,067,000	176,583,000	155,137,000
Shareholders' equity	35,861,481	44,636,548	--	37,358,000	53,376,000	43,138,000	49,684,000	53,974,000	80,127,000	102,135,000
EBT	8,990,325	19,695,863	--	22,161,000	44,623,000	27,479,000	36,841,000	41,770,000	35,032,000	30,966,000
ROA	11.97%	20.67%	--	17.46%	26.34%	21.59%	25.16%	17.50%	15.77%	13.80%
ROE	25.07%	44.12%	--	59.32%	83.60%	63.70%	74.15%	77.39%	43.72%	30.32%
Cost of debt	4.61%	3.92%	--	4.76%	3.84%	7.50%	4.76%	1.56%	3.33%	3.09%
Leverage ratio	172.84%	137.22%	--	325.25%	252.36%	295.82%	233.72%	370.67%	220.38%	151.89%

TABLE 3 - Evolution of Persán's shareholders' equity and earnings before taxes (1991-2011). Data in thousands of euros. Source: Persán's annual accounts, SABI database. Authors' creation.

Years	Shareholders' equity	Earnings before taxes
1991	16,798	-251
1992	15,469	-1,304
1993	NDA	NDA
1994	12,047	-3,055
1995	10,363	-1,658
1996	11,878	18
1997	12,151	-871
1998	14,225	0
1999	16,537	-1,330
2000	19,767	-1,872
2001	30,419	1,488
2002	35,861	8,990
2003	44,637	19,696
2004	NDA	NDA
2005	37,358	22,161
2006	53,376	44,623
2007	43,138	27,479
2008	49,684	36,841
2009	53,974	41,770
2010	80,127	35,032
2011	102,135	30,966



Family cohesion as a longevity factor in family businesses: the case of Persán

ABSTRACT

The longevity of family businesses is one of the most significant questions in this research from the point of view of knowing the risks and factors that contribute to their long-term survival. We highlight the role of family cohesion as a facilitator of such longevity. Cohesion enables succession, because when problems arise those family businesses and business families that are cohesive are more likely to survive in the long term. The research focuses on SMEs, where the relationship between family and business is more relevant than in large family corporations.

In this paper, we illustrate the role of cohesion or its absence in the evolution of a family business – Persán – and how periods of family unity are typically accompanied by phases of business growth and success, as well as how conflict among owning families can slow businesses to a crawl and even lead them to bankruptcy.

KEYWORDS:

JEL CODES: M21, N8, N84



La cohesión familiar como factor de longevidad de la empresa familiar: el caso Persán

RESUMEN

La longevidad de la empresa familiar es una de las cuestiones más relevantes en la investigación porque interesa conocer cuáles son los riesgos y factores que contribuyen a su supervivencia a largo plazo. En el trabajo resaltamos el papel de la cohesión familiar como facilitador de dicha longevidad. La cohesión facilita la sucesión familiar, porque cuando los problemas aparecen aquellas familias empresarias y empresas familiares cohesionadas tienen más probabilidades de supervivencia a largo plazo. La investigación se centra en la pequeña y mediana empresa porque la relación entre familia y empresa es más relevante que en la gran empresa familiar.

En el artículo comprobamos qué papel juega la cohesión o su ausencia en el devenir de una empresa familiar – Persán – y cómo los períodos de unidad familiar van acompañados por fases de crecimiento empresarial y buenos resultados y la época de enfrentamientos entre familias arrastran a la sociedad casi a la quiebra.

PALABRAS CLAVE:

CÓDIGOS JEL: M21, N8, N84