

FAMILY BUSINESS

My 25 Years at the Heart of an Entrepreneurial Family

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Preface by Family Enterprise Foundation

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CONTENTS

Preface

The Mulliez family are unique – in enterprise, in governance, in kinship. The group, whose business origins lie in textile mills, owns one of the world’s largest retail and distribution conglomerate. From its early 20th century origins in northern France, its members have launched more than 20 different consumer enterprises. Today the family are regarded as an exceptional model of enduring European enterprise. Although the family’s entrepreneurial story began in 1904, it was from the early 1960s onward that the Mulliez group would emerge as a foremost power in the French economy. Today the family holding company, Association Familiale Mulliez (AFM), controls a diverse constellation of brands. Some 700 “associate” family members manage an international retail and distribution network that includes supermarkets, sporting goods stores, electronic device shops, hardware stores and DIY centres, restaurants, and many other well-known brands.

The Mulliez family’s main company is Auchan, one of Europe’s largest supermarket chains. The retail group, whose revenues are measured in billions, was founded in 1961 by Gérard Mulliez. The family retains a 95% stake in Auchan, which is headquartered in Croix and has a direct presence in France, Spain, Portugal, Luxembourg, Poland, Romania, Hungary, China and Taiwan. With 331,099 employees, of

which 234,342 have a 5% stake in the group, Auchan is the 35th largest employer in the world.

The family's economic prowess is also reflected in the sporting goods group Décathlon, in which Mulliez members hold an 85% stake. Boasting 1,600 stores in 49 countries, Décathlon is the world's largest sporting goods retailer. AFM also controls Adeo Group (parent of France's famous Leroy Merlin home improvement brand), which operates mid-sized hardware and DIY stores such as Weldom, Bricocenter, Zodio, Aki, Bricoman and building trade specialist ProBox.

As remarkable as the diversity of AFM's holdings is, the range of Mulliez business activities is a testament to the family's "all in all" motto (*Le tous dans tout* – all family in all businesses) and 1955 founding act of the family association, which stresses that family members are "stronger together" – and more creative – than when apart. This family maxim, the AFM's thoughtful efforts to fully engage and educate its rising generations, and indeed the clan's doggedness, have given birth to other successful enterprises, namely Boulanger, which specializes in electronics and household appliances, and Saint Maclou, a home décor company. Yet Phildar, the family's post-war yarns, knits and textiles business, is arguably the Mulliez family's most cherished as it represents the group's first ever foray into the retail sector in 1945. The family's other ventures include Agapes Restauration, a unit created in 1971 to manage early moves into food services. Agapes, which is 85% owned by AFM and 15% owned by employees, oversees popular restaurant brands such as Les 3 Brasseurs, Pizza Paï and Flunch. It employs some 12,000 workers.

Over time the Mulliez family have nurtured a unique business model in which rising generations receive an in-house education and incentives to become and remain owners who can contribute in both conventional and unconventional ways. This is reflected in *Affectio*

Societatis (affection + business), a ground-breaking family pact struck in 1995 that has essentially locked in family ownership and managed the expansion of companies owned by the family. *Affectio Societatis* is based on two fundamental principles: blood ties and the collective management of the family assets. It is this and the use of special governance structures that underpins the conglomerate's successful business strategy to remain a thriving family-owned and family-run enterprise.

At the same time, the influence of Christian social thought is never far. Notions of fairness, efficiency and self-actualization are overarching values that pervade the Mulliez family to this day. As one member once put it: "Solidarity and unity is strength." Having said that, the Mulliez family consider themselves "sensitive" entrepreneurs who handle sensitive capital. Business development is very much the business of human development. Among their greater goals is to pursue and transmit their original sense of family community, with an entrepreneurial vocation, to other families who share the same values. With a sharp eye on improving the world, the Mulliez family strive to allow their members to fulfill themselves – in their aspirations to be and to have – through the human and economic performance of their companies.

Olivier de Richouffiz

FROM 1904 TO 2008

1904

- Louis Mulliez Lestienne opens a small spinning mill.

1920

- Louis helps three of seven sons, and a son-in-law, to each create their own business.
- Louis' eldest son opens the Saint Liévin spinning mill.
- His second son, Gérard-père, (Gérard-father) begins his career in his father's business.

1945

- Louis seeks direct access to end-customers to better capture margins left to wholesalers.
- The first **Phildar** (fabrics and textiles) opens. Others emerge, completing industrial with retail trade.

1929

- Following the 1929 market crash, a socially progressive Mulliez family offers workers financial assistance in proportion to their number of children.

1955

- **All in All**, the family motto and founding act of the family association, is born of two watchwords: efficiency and justice. “We all want stay in everything for 10 years in order to do better together than each one separately.” **Le tous dans tout**: all family members in all businesses.

1961

- **The second generation helps the third generation create hypermarket chain Auchan.**
- Gérard (son) is a foreman at Phildar. He tells his father he wants to start his own business
- Gérard (father) visits the U.S and returns with the everything-under-one-roof retail concept.
- Gérard helps his son launch a 600-sq. metre store in the Hauts Champs district of Roubaix.
- The store posts four years of losses before becoming profitable.

1962

- First Family Council elections for women shareholders.

1967

- Creativity rockets under the impulse of young (family and non-family) rebel bosses.
- Governance takes shape: “Let the young wolves go on an adventure, but with a president and council to channel their energy.”

1968

- Setting out a “Why stay together?” manifesto, Gérard (father) completes the rules of **All in All** in the first charter of the *Association Familiale Mulliez* (**AFM** – Mulliez Family Association).
- Home décor company **Saint Maclou** is created by Gonzague Mulliez.
- Women’s fashion company **Orsay** is created by Gonzague Mulliez.

1971

- The first branch of **Flunch**, a casual restaurant chain, begins operations.

1972

- **Pimkie**, a fast fashion retail chain for women and young girls, is created.

1976

- Implementation of **employee shareholders**. Shareholding structure is first set up for **Auchan** executives, then in 1977 for staff, and later generalized to all companies. The initiative soon becomes known as “sharing policies” – sharing of knowledge, of power, of assets, of desires in the spirit of business-wide collaboration.
- Sporting goods retailer **Déathlon** begins operations.

1978

- **The second generation helps the third generation launch Picwic** (Stéphane Mulliez) and **Kiabi** (Patrick Mulliez).
- Thierry Mulliez launches pizza and pasta restaurant chain **Pizza Paï**.

1979

- Patrick Mulliez launches prêt-à-porter fashions company **Kiabi**.
- Patrick Vandenschrieck opens discount shop **Miniper**, which later closes in 1984.

1980

- Equipment rental group **Kiloutou** is launched by Franky Mulliez, son of Francis Mulliez.

Late 1980s

- Family crisis: Their achievements passed, “seniors have everything to lose.”
- Parallel steps end the crisis:
 - ① The launch of the “Shareholder Progress Groups” in 1986, which led to **Nord Entreprendre**;

- ② The launch in 2010 of the group *culottes courtes* (precipitated by next-gens who affirmed their readiness to take on more responsibilities).
- André Leclercq famously states at the first Shareholder Progress Group: “France does not lack jobs, it lacks employers.” His comment comes on the heels of hundreds of **Phildar** layoffs.
- **Nord Entreprendre**, an undertaking to “create employers,” is born. The international initiative goes on to create more than 60,000 jobs in less than 20 years.

1990

- A family in crisis and June election of a triumvirate to the family council (AFM).
- Shareholders elect three family council co-presidents, each given specific missions.
- Gérard Mulliez in charge of Ausspar (Agapes, Auchan, Boulanger, Décathlon, Kiabi, Leroy Merlin)
- Gonzague Mulliez in charge of Pimkie, Orsay, Saint Maclou and Sonepar.
- André Leclercq in charge of family matters.

1991

- 30 Interviews HR Committee

1992

- U.S. learning expedition: André Leclercq launches first cycle of training for directors.

1993

- André Leclercq launches “**why, for what, and for whom**” think tank which, over two-decades, defines the AFM as “sensitive entrepreneurs” managing “sensitive capital.” In doing so, the AFM begins to meaningfully engage in “human development through creation

and business development.” This concept manifests itself through a push to develop and transmit the original Mulliez “family community” with an entrepreneurial vocation open to other families who share its values. The overarching goal: “With the concern of improving our environment, we want to allow Man to fulfill himself, in his aspirations of being and having, through the human and economic performance of our companies.”

1995

- Antoine Mayaud initiates *Affectio Societatis* (affection + business), a project inspired by the metaphor of two horses ploughing a furrow; both must advance at the same speed. If they don’t, one of two scenarios occur:
 - ① The business is successful, but the family will tear itself apart;
 - ② The family will remain civil but let performance collapse.

1996

- AFM acquires **Camaïeu** clothing enterprise.

1997

- First open-air trip abroad for all family members. The goals:
 - ① Strengthen the knowledge of family members;
 - ② Introduce them to the local leaders of Mulliez companies;
 - ③ Open them to the world.

2000

- Antoine Mayaud takes full-time charge of family counselling and *Affectio Societatis*.
- Antoine leads launch of CreaAFM (Creadev from 2002), AFM’s first investment company.

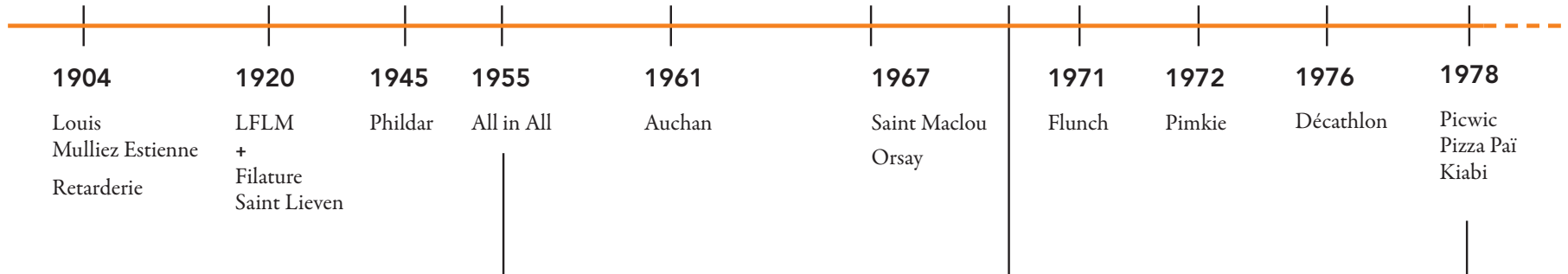
2008

- **CDE** (Club des Entrepreneurs) is launched to cultivate and support entrepreneurial initiatives among family entrepreneurs.

Family Business

From 1904 to 2008

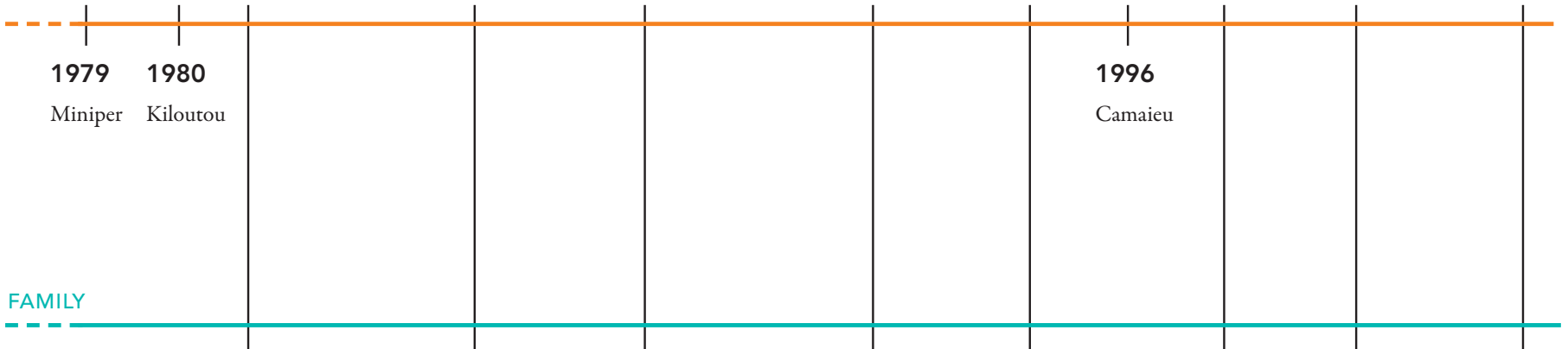
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