

# FOUR SIDES

Modesty—Morlas—Artistry—Confidentially

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## New Values, New Business Landscape

In the western world we can see a fundamental change in values among younger people, but also middle age and elderly people.

The focus is to have fun and to be recognized. If you get rich when you are having fun the better but you are not prepared to have boring life to be rich when you retire.

Examples of this is that people in the business schools prefer an interesting and developing job before the best paid even if it sometimes can go hand in hand.

To be recognized can be seen in the exposure people give in Facebook etc. and the fact that tattoos are getting more popular. 50% of the population in Stockholm have a tattoo. 50% !!

A negative effect of this is that people are getting more egocentric. More people are living alone because they cannot find the **perfect** partner. To be seen and to be perfect is a driving force. Long term perspective with big houses, flats, family etc. is less important as well as prestigious cars, for example. To show that one is living a good and interesting life with travels, good food, unique experiences etc. becomes important.

The effects for business is severe. Cars is a commodity, flats can be smaller and have to be very practical, supply of restaurants shall be huge, travel shall be possible and cheap. Bigger cities are preferred to live in.

A disturbing example of changing values is that 30% of all funerals do not have any ceremonies in Sweden. The body is cremated, and the mould is spread in a memorial place. All with the purpose to keep it cheap not to diminish the inheritance. A so



*“If you’re not a liberal at twenty you have no heart, if you’re not a conservative at forty, you have no brain.*

Winston Churchill

*“Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy, its inherent virtue is the equal sharing of misery.*

Winston Churchill

*“We make a living by what we get, but we make a life by what we give.*

Winston Churchill

called direct funeral, that this is, costs normally one fifth of an ordinary funeral.

From my perspective based on my values I am disturbed over this development. For businesses it means rapid changes that we have to adapt to. And when we have adapted we probably have to adapt again.

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# The Future is Bright, but We Have to Handle Major Changes



**Interview with Jan Ståhlberg, one of the founders of EQT and with a lot of former positions within the group, latest as vice Chairman of the Board. He is now a board professional in e.g. Trelleborg Group and is a member of Lagerkvist & Partners Advisory Board.**

**FS:** What has the PE industry meant for Sweden and the world? And why has it been so successful?

**JS:** The success has been that owners, board and management has agreed upon the same agenda from the start for each and every acquisition. This has created a very fast and dedicated decision making or with another word – speed in the development of the company! The PE industry has brought more than 50 Billion Euro to Sweden from foreign investors and a lot have been invested in Sweden even if the companies have been or have become international. And the performance of the acquired companies have been good and have become even better. The same goes for the world and we can now see this in most parts of the World.

**FS:** When you look at Sweden and the Nordic countries from outside and in from the experience you have got from other parts of the world, latest your three years in New York, what do you see?

**JS:** Different countries have different systems and you have to be aware of that many of them are functioning very well even if they differ substantially from each other. They all generate growth and create an environment that is reasonable to live in and people are happy with. I think you have to be humble considering which is the “best system”. In the US as in Latin America and Asia women are not staying home so long after their childbirth as they can afford

and it is acceptable to hire nannies etc. Therefore, these countries have a better balance between men and women at top levels. Sweden is a good country to live in, but many other countries are also good countries to live in.

**FS:** Are there large differences between countries when it comes to corporate culture and the way you are running companies to achieve results?

*“There is nothing government can give you that it hasn't taken from you in the first place.*

Winston Churchill

*“Success consists of going from failure to failure without loss of enthusiasm.*

Winston Churchill

**JS:** The importance and the strength of PE in every country is that we can create a plan for each and every company with goals that all involved can agree upon – create a common culture. But then the way you implement it is still different. We in Sweden do not work the longest hours but our decentralized structure and low hierarchies create an efficiency that is competitive. But a joint culture and by that efficient processes is crucial in every country, but they can look very different from country to country. But you have to be consistent whatever culture or processes you have – then you normally are successful.

**FS:** So the culture in companies is very important?

**JS:** A joint and strong culture embraced by all is a key to success.

**FS:** Many people and politicians see problems for the World ahead, others see possibilities? What do you see?

**JS:** I am an optimist. The World is becoming a better and better place. We have a strong growth on a World basis and things are moving faster and faster. When it comes to the material life, our coming gen-

erations will have a good and secure life. Poverty will disappear in the World. And it moves fast. A good example is Singapore that was given foreign aid from Sweden in the 70-ties and now is one of the richest places in the World and they do not have any own basic resources, not even their own water. The World development will create major changes in our daily life. But we will have to live with the changes – and it is on a higher level of standard. But for the individual countries it can be ups and downs. We have the example of Singapore but also the example of Uruguay who in the thirties was one of the richer countries in the World. But overall everybody will get it better.

**FS:** So you think we will face major changes?

**JS:** Yes, and we have seen them already for a long time. It is close that we will not have any cashiers in the retail shops, retail will diminish – the internet will take over much more than we think. Self-driving cars will come with Uber solutions. This means that 500-600 000 jobs will disappear only in Sweden and it will not be easy to find new jobs for these people. All these changes will make our society a more affluent place, but it will create big conversion problems that even can create unrest in society. Another problem is that we already can see – in Sweden for example – that more and more young

*“The main vice of capitalism is the uneven distribution of prosperity. The main vice of socialism is the even distribution of misery.*

Winston Churchill

girls (and also men) are getting psychological problems like depression etc. Obesity is another problem which is a problem all over the World. Another irreversible development is the growth of the big cities – in Sweden Stockholm and the Stockholm area. This is positive and creates prerequisites for development, creativity and further growth, but will create empty remote areas in large parts of Sweden that has to be handled. Here of course, fibre network and the coming 5G is very important but we also have to accept that most people will live in the big cities and cope with the problems that can create. Remote areas can also be developed with creativity for example for part time living.

**FS:** But you are still an optimist? We will handle this?

**JS:** These are new challenges and the problem is that it takes long time for the political system to identify the problems and even longer time to address these challenges. But, yes, I am still an optimist. I think we can and we will be able to handle these challenges and we will be able to do it with more and more resources.

*“If Britain must choose between Europe and the open sea, she must always choose the open sea.*

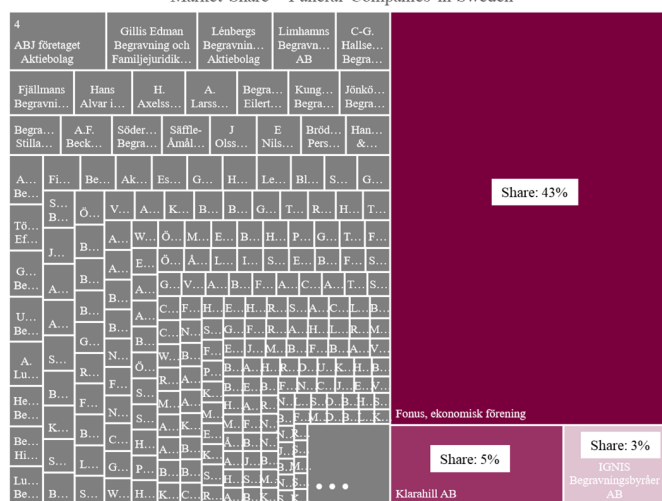
Winston Churchill

# The Funeral Market

Market Share – Funeral Companies in Sweden

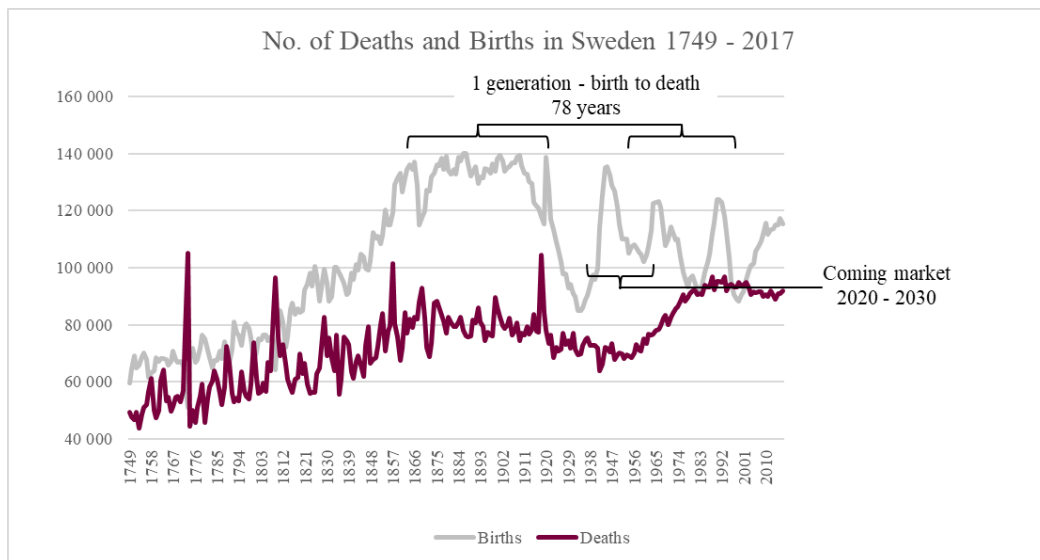
**The digitalization has now come to the funeral market which is a traditional market that has been under the radar. In the midterm, funerals will keep to be booked in meetings or by phone. The first impact of IT will be the boosted efficiency which already has put pressure on prices.**

Most people do not think about the funeral market since it is a sensitive issue. However, during a long time, funeral homes have been able to charge high fees due to limited competition. Traditionally, funeral homes act in a local market, and in countries like Sweden where there are many small towns, the local funeral home has enjoyed almost absolute monopoly.



Sweden is a sparsely populated country with a semi-fragmented funeral market. The largest player is Fonus, which is a cooperative with the aim of lowering funeral fees. In fact, Fonus is one of the contrib-

utors to high funeral costs due to their inherent inefficiency. Privately own funeral homes have, due to their higher level of efficiency, been able to be very profitable thanks to the high prices on the market.



However, that is changing now due to the emergence of online-funeral homes that offer equivalent service at a lower price.

Some circumstances that diminishes competition and slow down the transition to online-booked funerals is the fact that the market is expanding. During the last 20 years, the funeral market in Sweden has expe-

rienced a drop in volume due to the low birth rate in the 30-ties. However, after WW2, birth-rates sky rocked and it is this generation that represent the future market for the funeral homes.

The online players offer lower prices due to their higher level of efficiency thanks to IT-systems. The general trend in a digitalized society like Sweden is that more and more Government services are available online and hence there are API:s that can be used to integrate the Government services into a local CRM-system. The paper work of a funeral home can therefore now be highly automatized. The future in the Swedish funeral market is therefore defined by the players who manages to digitalize in order to be able to offer the best prices.

## Youth Trends and Their Consequences

**Social media and the more digitalized society is changing rapidly creating new behaviour among large groups in society, especially in the younger generations. Old truths are challenged, and the effects of change is not always anticipated.**

**M**uch of the change in society is linked to Internet. However, there are also more visible examples of remarkable change. The tattoo industry has been booming during recent years and in cities like Stockholm and Copenhagen and Sidney, a growing share of the population has a tattoo. In Stockholm the share of individuals with tattoos is almost 50%. The driving force is to feel special, to be seen and part of some sub-culture. A tattoo is a physical manifestation which stands in contrast with the common digital identity people have developed. The old stigma around tattoos is gone.

The increased popularity of tattoos can be seen as a counter reaction to digitalization. The dark side of the digital society is becoming visible. During recent time we have seen the effects of fake news and the general loss in confidence in media. Another development is that young people want to be seen and have fun, and social media is used to portray that, e.g. Instagram where people share photos of their "ideal, exciting life". The urge to have a desire to be seen and have fun has on the other hand partly be-

come a factor that has contributed to the increased occurrence of unhappiness and psychological disorders. Researchers have found a significant link between the amount of time spent on social media and depression. Even industry insiders have become critical to what they have created. Sean Parker, one of Facebook's angel investors have stated that Facebook has managed to exploit the weaknesses of human psyche and even said that the "like"-button is dangerous for mental health.

Other researchers have come to the paradoxical conclusion that Internet makes us lonelier and more cynical. What once was a project to put people together is now preventing people from meeting in real life. Individualism has become the norm together with materialism and consumerism. The family and the physical contact with people have been sacrificed. Humans are social beings and this development will spur a counterreaction. To be offline and spend more time with the family and real friends will be the next trend.

*“Life can either be accepted or changed. If it is not accepted, it must be changed. If it cannot be changed, then it must be accepted.”*

Winston Churchill