

FOUR SIDES

Modesty - Morals - Artistry - Confidentiality

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THE MESSAGE

Management of the Future

Running companies successfully is no easy matter. It is no accident that the best companies are often those that are most willing to get another point of view, either to make sure that they are on the right track or to get an early warning signal, says Magnus Lagerkvist.

Well-run companies have a clear-cut strategy and a clear view of the future. However, this doesn't stop them from frequently asking us for a second opinion. What are possible scenarios for the future? What will the form and structure of the company be in the future? This is the starting point for many of our current assignments.

Those companies who fail to work on, and to determine, their strategy for the future will also fail to stay in business. The world market is changing. Winners are becoming losers and losers winners. Newcomers are rapidly taking over large shares of traditional markets. Structural deals are changing the situation with regard to competition.

We have seen a major growth in the number of long-term, strategic assignments - what we call "management of the future" assignments - irrespective of whether these relate to the forestry, manufacturing, mining or pharmaceutical industries, or to the banking and insurance sectors. Lagerkvist & Partners are one of the few completely global alternatives when it comes to this type of assignment.

Lagerkvist & Partners is now a global company, as is evident from the market organization chart presented on page 3. We have a total staff of around 350. This means that we are big enough to handle major assignments. We are also sufficiently well dispersed to have all the experience required in the respective areas, but still small enough not to have lost touch with the day-to-day realities of business life, as many of our competitors may have done.

We have also invested in the latest technology for global data networks where, unlike any of our competitors, we have been able to start from scratch. We now have, if we are to believe our suppliers, the best system in the world - far ahead of any of our competitors - which also means that we are better than them in terms of productivity and cost-effectiveness.

In our highly competitive world every day represents a battle that must be fought and won, but I must say that I have never been more optimistic about our long-term and global opportunities than I am today, concludes Magnus Lagerkvist.

Magnus Lagerkvist
Executive Director
Lagerkvist & Partners

LAGERKVIST & PARTNERS

Our Four Sides

MODESTY

in the Company's approach to an assignment and with respect for the client's own expertise

MORALS

in the form of loyalty to the client and strict focus on the client's long-term development and profitability

ARTISTRY

through efforts to provide innovative solutions that give the client a position of leadership

CONFIDENTIALITY

in the Company's approach to an assignment and with respect for the client's own expertise

Industri Kapital to Belgium

Industri Kapital is probably the most successful of all the risk-capital companies set up in Sweden in recent years. The company was founded in 1988 and has since completed a number of successful acquisitions, as well as hive-offs such as KCI Konecranes, Lindex and Partena.

Today the company has a central office in Stockholm and is also represented in London, Hamburg and Oslo. The focus is primarily on the northern European markets. Industri Kapital recently acquired the Pieters Group in Belgium, an integrated company in the fish business which produces semi-manufactured products subsequently used by, for example, catering companies or the food manufacturing industry. Almost all of the fish served on Sabena or Air France flights comes from Pieters. Pieters also has its own raw material supply system and owns several salmon farms in Scotland.

Four Sides: Björn Savén, why is it that you have been so successful?

Björn Savén: You have to be cautious about the future, but still dare to act. A good track record increases the pressure for every new acquisition we make. If anything goes wrong then our fall will be that much greater, at least in the eyes of the public. However, we have now built up a base that provides us with the room for manoeuvre needed to cope with any slumps in the economy. I believe that one possible explanation of why things have gone well so far is that we have tried to be creative and unconventional in our search for interesting companies. Above all, however, we have done our homework properly and, once our work has been done, have had confidence in the plan developed by the company management and followed it. We have also been careful to play an active role and to be thorough in the implementation of the various stages in the development of the acquired company.

FS: Why did you become interested in Pieters?

BS: I don't think we would have found the company if Lagerkvist & Partners hadn't put us on to it. To be honest we were rather sceptical at first, above all about the industry. It is not so long ago that Abba lost almost a billion crowns by getting involved in the supply of semi-manufactured goods for its own production.

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However, when we analysed the whole deal it turned out that Pieters was a well-run company that has developed positively and followed the plans set. Lagerkvist & Partners have been in contact with the company since 1990, so we were able to see the plans the company has had and how they have been fulfilled and surpassed. We were also able to see how the trend towards more "eater-friendly" products, for example fish fillets, led to a major increase in the need for further processing in the stage between the raw material suppliers and the end consumers.

FS: How did the negotiations go?

BS: It's always difficult to buy a family firm and this was particularly difficult, partly because Gilbert Pieters, who owned the company, had built it up himself and it was his and his father's lifework that was being sold, and partly because the business mentality in Belgium is a little different and sometimes difficult to deal with. I think it would have been difficult to clinch the deal if Lagerkvist & Partners hadn't helped to "oil the machinery" at strategic moments and influence the tactical situation. It is sometimes just this kind of help that really helps you to "climb the hill" and make a deal.

FS: How do you see the future?

BS: We would of course never have bought the company if we hadn't been convinced of its development potential. I can say that one of the basic reasons for this conviction is that this is an interesting market which is expanding, partly due to growth but also because there is a need for an intermediate stage. This means that a structural change is also involved which will benefit Pieters as a company. We are very pleased that this deal has now come to fruition.

FS: Magnus Lagerkvist, what are your comments on Industri Kapital's purchase of Pieters?

ML: We came into contact with Pieters almost seven years ago and were fairly close to making a deal with an interested buyer. However, there was a change in the management of this company and their interest subsequently waned. We have always regarded Pieters as an almost unique company, and therefore a highly interesting one. The owner has been saying since 1990 that he cannot hold on to the company in the long term as neither of his two children want to take over. We have tried to interest some of the other players in the industry in Pieters from time to time, but without much success. When we came into contact with Industri Kapital a few years ago we felt that they might be able to see the same things that we saw in Pieters, and we were proved right almost immediately.

The talent and creativity shown by the representatives of Industri Kapital in this process are in my opinion further evidence of why they have been so successful. It is of course also very gratifying to us as a company in the analysis, assessment and creativity business to see that a company that does its homework well and dares to believe in its analysis also comes out a winner.

In adolescence... the gentleman abstains from sex; in the prime of life... he abstains from belligerence; in old age... he abstains from greed.

Confucius

Not everyone gets a salary that is proportionate to their work – that's something they should be thankful for

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