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Fabio Hering,
CEO, Cia. Hering

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Fabio Hering

Cia. Hering

Family businesses are strongly represented in Brazil's economy, but few go back as far as Hering. Now in its fifth generation of family control, Hering is among Brazil's most recognizable retail brands with its familiar crossed fish logo. Entrepreneurship has been a defining attribute of Hering for over 130 years. Indeed, the current generation says that adaptability has been crucial for the business during good and bad times. Listed on the Brazilian stock exchange since the 60s, Hering represents all the best parts of a family business mixed with the benefits of being listed, such as access to capital.



The brothers Bruno and Hermann Hering – German immigrants – founded the textile business in 1880



More than 9,000 employees work for Cia. Hering



In every color: the company sold billions of t-shirts in Latin America

Outside of Brazil, few have heard of the city of Blumenau. But among Brazilians, Blumenau is famous for two things: its German heritage and a company called Hering.

German immigrants founded Blumenau in the 19th century, and two of those early pioneers of the town were Bruno and Hermann Hering. In 1880, the Hering brothers set up the eponymous textile business. Today, it is one of the oldest, and best-known, family businesses in Brazil.

Cia. Hering is in its 5th generation of family control

Now under the watchful eye of a fifth generation of Herings, the company is now a retail clothing and textile business with outlets across Latin America. It employs more than 9,000 people and had revenues of more than US\$700m in 2013. The company has four brands: Hering, Hering Kids, dzarm and PUC. It sells products through franchises, multi-brand retail stores and the web. The company's logo – two fish (herring) crossed over each other – is one of the most recognizable in Brazil's retail sector.

The business has evolved in many ways, but most Brazilians still see Hering as synonymous with the humble t-shirt. Indeed, the company has sold many billions of them, and the t-shirt remains a cornerstone of Hering's clothing brands today.

Fabio Hering was elevated to the role of CEO five years ago, after holding numerous positions in the family business since joining in 1986. Now in his mid-50s, Fabio says that a large part of Hering's success has been down to its ability to change with the times, ride out rough patches and be entrepreneurial.

"The company has survived for such a long time by all adapting to all and every situation," he said. "We ask of each and every employee to have within them this ability to adapt – indeed, an entrepreneurial spirit."

Hering has clearly demonstrated his ability to adapt. Faced with slowing demand for many of its products, the family decided to restructure the business and decided to make a new stock offer. In 2007, it listed the business on the Brazilian stock exchange called "Novo Mercado", which demands more transparency and a high level of corporate governance.

Opening of the Hering Museum in Blumenau

The restructuring of the brand also saw investments in more shops and the outsourcing of production, said Fabio. "This resulted in a big boost in growth," he added.

The restructuring worked. In 2010, Hering celebrated 130 years of existence and was voted Brazil's company of the year by the



The two herrings in the logo represent the two brothers Bruno and Hermann

country's best known business publication, Exame. That year also saw the opening of the Hering Museum in Blumenau.

Of course, the Hering family has been central to the success of the business. Their story is told at the company's museum, which also explores the evolution of Brazil's textile sector and examines how Brazilians have dressed over the last 150 years. Indeed, the museum underlines just how much Hering has contributed to the economic and social development of Latin America's biggest economy.

Family council helps to govern relationship between family and the business

Fabio says that many members of the Hering family are connected to the business. This is hardly surprising, given how

far the business goes back. But what about the next generation of Herings? Will they be involved as actively in the business as their predecessors? He is circumspect about future generations of Herings running the business. "The next CEO might come from outside the family, to give the company even more professional and market-aligned leadership," he says.

And when it comes to hiring family members there are no favors, says Fabio. "Every family member has to go through the processes as if they were anyone wanting to work for the company," he says.

The Herings have set up a family council, which helps to govern the relationship between the family and the business. But again, it is kept very much away from influencing the business, as Fabio



Hering Kids began a solo career in 2010 and has its own network of stores as well as being present in multi-brand shops



The six annual collections of PUC are found in more than 80 franchises and nearly 2,100 multi-brand outlets across Brazil



Social assistance has always been a goal of the company

points out. "The council is only for consultation and there is no acting voice in the company's operation."

Fabio is clearly keen to emphasize the professionalism of the business. He says that most of the senior management is now made up of non-family individuals. But professionalism is in keeping with the family ideal. "Many of them have been with us for more than 20 years," he says. "They are now honorary family members."

Prosperity in the future

Through the generations, the Hering family has sought to enlighten business practices and take part in philanthropic endeavors. As far back as 1905, land was bought near the factory for the purpose of environmental preservation. In 1935, the Hermann Hering Foundation was set up to aid the welfare of the company's workers. The foundation helped build a workers' village and has been instrumental in improving workers' conditions ever since.

More recently, Hering has been an active supporter of the global Fashion Targets Breast Cancer campaign, and has donated considerable amounts of money to the charity.

What of the future for Hering? Right now, Fabio is pushing for more growth. He told the Brazilian business media early in 2014 that Hering plans to open 100 new stores this year, and from 2015 there will be a push to refurbish the older shop units.

But, Fabio isn't going to compromise the values of the business for growth. "We've survived and prospered because we represent the best values of a family business, like long-term planning and adapting to new and sometimes challenging conditions," he says. "Those values aren't going to go away."



Hering plans to open 100 new stores in 2014

Fabio Hering

CEO

Company name: **Cia. Hering**

Generation(s): **5th**

Founded: **1880 in Blumenau, Brazil**

Industries: **Clothing, retail**

Employees (2013): **9,000**

Revenue (2013): **Approx. US\$700m**