



“When you have a family business with your own name, then you always try to be at the top level.”

Patrick Daher,
CEO, Daher

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Patrick Daher

Daher

In 2013, Daher celebrated its 150th year – a big achievement for any business. During that century and a half, the Marseille-based family business has shown an incredible ability to adapt to changing times by seeking out opportunities to grow the business in new sectors, such as the aviation and nuclear industries. Fourth-generation family member Patrick Daher has been the guiding light of the business since he was appointed CEO in 1991. He aims to mix entrepreneurial zeal with the best practices of a family business.

Two thousand and thirteen was a special year for Daher. The Marseille-based company celebrated its 150th year of existence. A huge achievement for any company, and one that Daher's employees celebrated in various events throughout the year in the Mediterranean city.

Few were prouder of the anniversary than CEO Patrick Daher, a member of the fourth generation of the family to control Daher.

It is clear what he sees as lying behind the company's success. "The longevity of the company is testament to the family business model of capitalism, which stresses a long-term approach to investment," says Patrick, who is also the winner of the EY 2013 Family Business Award of Excellence for France.

Being a family business made the transition easier

Today, Daher is a manufacturing and service company with revenues of nearly €1b, employing more than 7,500 people worldwide, with customers that include Airbus, Boeing, Siemens and EDF. It supplies many of the essential parts for the A380 commercial airliner and even makes the world's fastest single-engine turboprop aircraft, the TBM 900.

But, as is often the case with family businesses with a pedigree like Daher's, getting to where they are today has been an adventure, with some hiccups along the way. As Patrick recalls, some tough decisions were needed, back in the early 1990s, if the business was going to thrive as it had done in earlier years.

"Back then we were a service company, and things weren't going well," says Patrick, who was appointed CEO in 1991. "So we decided to change the model of the company. We did this by selecting those sectors where the European economy was very strong – nuclear and aviation – and saying that we would build a manufacturing supplier business around them."

Patrick says that being a family business made the transition possible. "This type of transition wasn't going to happen fast, but being a family business made it easier. That's because you

don't have to explain to independent shareholders that your next quarter isn't going to be very good. This is patience capital working at its best."

He was influenced by the governance structures of the German family businesses

The vision to restore the health of the business was aided by a series of shrewd acquisitions and partnerships in the aviation and nuclear sectors. And the business developed a unique combination of manufacturing and servicing for the sectors it works in.

In the last 10 years, the transition has started to show positive results. The changes implemented by Patrick have restored profitability, and revenues have shot up from €250m in 2003 to where they are today.

But for Patrick and other members of the family, the transition was not just about moving Daher into new growth areas, but also about overhauling its governance. In this respect, Patrick says he was influenced by the governance structures common among Germany's mostly family-controlled Mittelstand companies.

"I'd always admired how German family businesses managed their companies," he says. So, with this in mind, Daher, under Patrick's stewardship, separated the operational business from the family and created a family holding company – Sogemarco-Daher. This group would have financial oversight of the business, but would not be involved in its daily management.

Today, the holding company controls 80% of Daher, and represents the interests of 250 family shareholders. Within Sogemarco-Daher, various shareholder agreements and structures exist to meet the demands of the large number of shareholders. The holding company has also set up a "solidarity fund" to help family members with education and housing expenses.

Patrick says that these structures keep the family shareholders happy: "There are very few people who want to sell shares." And



Patrick's great-grandfather Paul Daher took over the business from its founder Alphonse Barban in 1898



Family tradition: Patrick in his office with a picture of his great-grandfather Paul



Patrick in front of a new aircraft of the TBM aircraft family

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Patrick Daher

he adds that the structures create a strong ethos among family shareholders. “Freedom isn’t necessarily about doing, it’s mostly about knowing you can do it,” he says.

In 2009, the family holding company decided to sell 20% of the business to a strategic fund set up by the Government of Nicolas Sarkozy to invest in key French industries. The move was a departure from Daher’s history of financing expansion through internal cash flow. But it enabled the company to gain extra working capital to develop its aeronautics business and some other areas. It provided finance to develop its business making parts for Airbus – including opening two new plants in times of economic crisis, following the acquisition of aircraft maker Socata in March 2009.

The Daher family had fled from Syria to France

According to Patrick, Daher felt that bringing in such a shareholder would provide a good strategic partner, and one that would remain very much on the sidelines and would back the continuing family business ownership of Daher. “The Government isn’t going to launch a hostile bid against us.”

This is just one example of the great strengths of Daher: its ability to adapt to current industrial and manufacturing trends – and to not follow a too-rigid management approach.

Patrick’s great-grandfather Paul Daher set a good example in the early years of the business for future generations to follow. He took over the trading business from its founder Alphonse Barban, in 1898, and built it to be a French shipping powerhouse, transporting locomotives and pipes across the world for the burgeoning oil industry. The Daher family originally came from Aleppo in modern-day Syria, where they were wealthy Christian merchants. They came to Marseille fleeing persecution from the Ottoman Empire.

Forth and fifth generation in the management

The head of the company during the third generation was Francis Magnan, who, together with Edouard Daher, Patrick’s father, moved

the business into nuclear construction, in particular the supplying of huge cranes to lift the tanks and domes of nuclear power plants.

Currently, there are four Daher family members working in the company. The three others are all members of the fifth generation. Patrick, who is 63, says that a succession plan is in

place that excludes family members from taking over as head of the operational business. But a member of the family will take over the family holding company.

“The next management has to be the best,” he says. “The first responsibility is the people you employ, then it’s the

shareholders – not the shareholders first.” Clearly, principles mean a lot at Daher, and nepotism is frowned upon. Patrick says that any family member wanting to serve on the board must prove himself or herself outside the family business before being considered.

Patrick’s infectious enthusiasm for the business shows no signs of waning. Based on the impressive growth of the last 10 years, Daher hopes to grow annual revenues to €1.5b by 2017. But he’s also adamant that the business won’t lose sight of the guiding principles that have driven its past success. And reputation is everything.

“When you have a family business with your own name, then you always try to be at the top level,” he says. “Otherwise, it’s not only the company that is hurt, but also your name.”



The interests of the 250 family shareholders are represented by Daher’s holding company

Patrick Daher

President and CEO

Company name:	Daher
Generation(s):	4th and 5th
Founded:	1863 in Marseille, France
Industries:	Aerospace and defense, nuclear and energy, capital goods
Employees (2013):	7,700
Turnover (2013):	€960m