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Christoph Tobler

Sefar Holding AG

Many family businesses are shaped by the place in which they first began. One such business is Sefar, a maker of sophisticated filters for a wide range of industrial and medical uses. Sefar still has strong links to the small town in eastern Switzerland called Thal where it was founded. Over the past 180 years, Sefar has built a very successful business, and it is one that plays a hugely important role in the local community. This close link is no doubt down to the family behind Sefar's success, the Toblers. Christoph Tobler, the current CEO, always acknowledges the importance of the strong bond between the family, the business and the community.



“Coming back to a family business, you can feel something unique like the ‘blood of heart’ in it, which money can never compensate.”

Christoph Tobler,
CEO, Sefar Holding AG



Wide variety of filter components for a broad range of industries



But that hasn't stopped Sefar, among the town's biggest employers, from becoming one of Switzerland's most dynamic mid-sized family businesses. Indeed, Sefar is a classic Mittelstand company, specializing in a particular product – in Sefar's case, precision fabrics used in filters and screen printing – and being the best in the world at making them. Mittelstand or not, Sefar wouldn't be anywhere today without its links to the community. But nor would Thal be the town it is today without Sefar. That link between the two goes back an impressive 180 years.

"There has been a triangle of mutual benefit between the community in Thal, its people and the company for decades. The company has taken care of employees, helping them in difficult times. This in turn has benefited the community, which meant the people and the community helped the company. This has created an upward cycle of mutual prosperity," says Christoph Tobler, Sefar's CEO, who is a fourth-generation member of one of the major shareholding families.

Of course, it is a story familiar to many family businesses, for whom strong links to the community are often ingrained in

the company DNA. But Sefar exemplifies this geographical link in a way similar to how a wine relates to the unique terroir of where it was grown. As Tobler points out, there are employees at Sefar today whose families have been with the business for three generations. "This gives us wonderful ties to the local community," he says. This family business's link to its community and the strong governance at Sefar led to it winning EY's 2013 Family Business Award of Excellence for Switzerland.

Sefar's success is down to its innovativeness

Thal might be at the heart of Sefar, but it has not stopped the company going global. As well as factories in three other locations in Switzerland, the company has weaving plants in Thailand and Romania, and subsidiaries across the globe, many of them with fabrication. At many of these locations, Sefar makes state-of-the-art filters for use in cars, mobile phones, medical equipment and for the food and chemical industries – just to mention a few. With a worldwide staff of 2,200, Sefar notched up revenues of CHF298m in 2013.

Tobler says that Sefar's success is down to its innovativeness, which helps it to produce the world's most sophisticated precision fabrics for industrial use: "We spend a lot on research and process development, and this keeps us ahead of the competition." But he also stresses how the unique governance structure of Sefar has underpinned its fortunes: "We are unusual, inasmuch as we have nine different families represented on the board of directors." Tobler explains that this structure goes back to when his great-grandfather – also named Christoph Tobler – was in charge.

Nine different families have seats on the board

"Over a 100 years ago, he succeeded in merging the company with the six other Swiss companies working in the same sector, all controlled by families," says Tobler. "This is the foundation of the Sefar structure, and brought about greater stability by stopping competition among all the different weavers."

But he adds that it also created a dilemma: "Who was going to run the company, how were all these families going to be represented on the board?" His great-grandfather and the other families came up with a unique solution: give each family one seat on the board regardless of their shareholding percentage.

"Today, there are nine different families with seats on the board, each with one seat," he says. "The smallest family shareholding is probably 2%, whereas the largest is above 20%. But that doesn't matter when it comes to the board, because we take all of them as equal and give them one seat each – and that's our governance." Tobler adds that the structure creates a great deal of coherence among the families, as there is never a feeling of the "big ones" overruling the "little ones."

Sefar's earliest origins go back some years before the first Christoph Tobler made his mark. In 1833, Pierre Antoine Dufour brought his silk weaving expertise over from France and set up Dufour & Co. Pierre Antoine died in 1842, and his wife



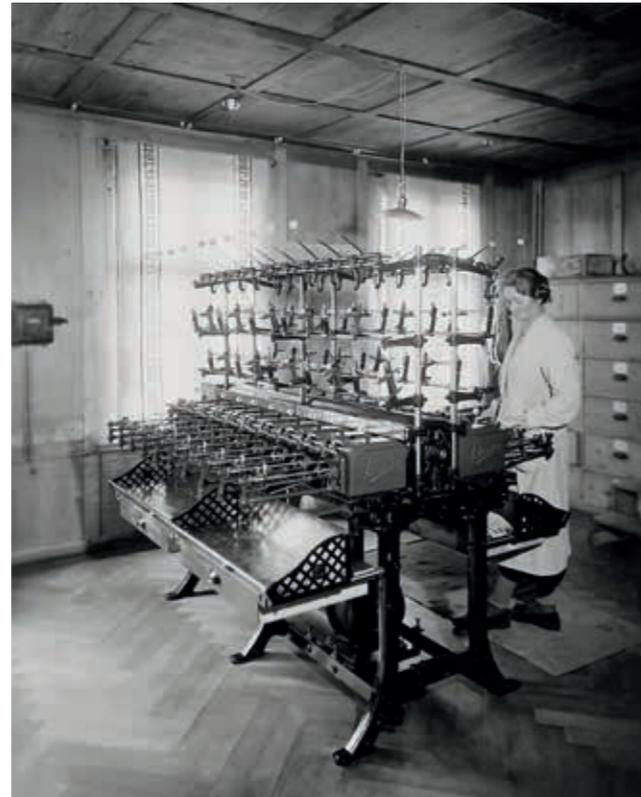
The Freibach mansion ("Schlössli") in Thal, former residence of the founding Dufour family, is now the headquarters of Sefar Holding AG



Management and staff of SST (1951), including several members of the Tobler family



Christoph runs the business in the fourth generation



Mechanization in Thal started at the beginning of last century



Christoph and his father Gustav Tobler-Seeger

“With a family business, you need to manage it as if it were a public one.”

Christoph Tobler

Josephine Dufour-Onofrio took over. Tobler’s great-grandfather, who joined as an apprentice in 1855, helped Josephine run the business and gradually gained significant control of the company before merging the silk weaver companies. In these early years, silk filters were used in the sieving of flour.

The current Christoph Tobler joined the board in 1995, taking the seat of his father, but didn’t become full-time until his appointment as CEO in 2004. For Tobler, there was never going to be any ambiguity over his appointment as a family member. “I said at the time to the board that I would only join full-time if I went through exactly the same recruitment and assessment process as any external candidate,” he says. “I made that clear to them.”

Before joining full-time, Tobler was a division manager for the Swiss construction chemicals group Sika. “I earned more money before joining Sefar,” he says. “So from a purely self-centered financial perspective, there was very little reason to join the family business. But coming back to a family business, you can feel something unique like the ‘blood of heart’ in it, which money can never compensate. This drew me back.” Tobler also worked as a management consultant for McKinsey & Company, after gaining an MBA from the University of California at Berkeley in 1988.

The family must do everything for the good of the company

His outside experience and solid educational background, together with work at Sefar, have all formed his view of family involvement in the business. “The family has to step back in favor of the company,” he says. “The company must never be obliged to provide a job for the family. In fact, the opposite is true: the family must do everything for the good of the company. If we follow that principle, we will always have the best managers in place. And if the company is doing well, then the family is doing well.”

Tobler, 57, says succession among his immediate family is not talked about. “If they [my children] happen to have the right

skills, they can come back when they are 40-plus. Until then, they need to go out in the wide world, learn a lot and maybe, after that, they qualify for a job at Sefar.”

Whoever – family or non-family – comes to the fore in the years after Tobler’s departure, he is confident that the structures in place, together with the strong corporate culture built up over many years, will see the company prosper in the years ahead.

“With a family business, you need to manage it as if it were a public one. So there are no excuses for underperformance,” he says. “Combine that with the best practices of a family business, and you have a winning formula for future success.”

Christoph Tobler

CEO

Company name:	Sefar Holding AG
Generation(s):	4th
Founded:	1830 in Thal, Switzerland
Industries:	Precisions fabrics for various industries
Employees (2013):	2,200
Turnover (2013):	CHF298m