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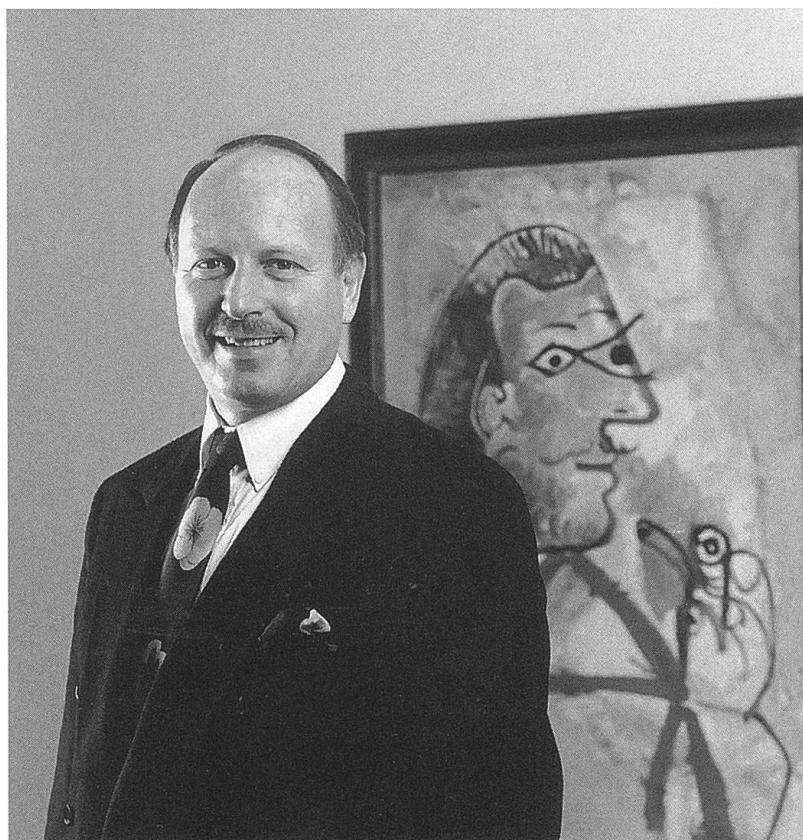
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The fourth generation

«There is no Schmidheiny superholding company»

In an interview that Max Schmidheiny's eldest son Thomas gave to the Swiss business journal «Finanz und Wirtschaft» in 1986, he stressed that there is «no Schmidheiny superholding company». He was reiterating the press release that appeared on 6 June 1984 after «Sir Max» had decided fairly early to divide up his corporate empire. The clear message that was being sent out at the time was that «there is no actual justification for regarding the Schmidheiny group as a homogeneous concern». The announcement also stated that the group was being divided up «in the firm conviction that it would serve everyone's best interests if each of the individual Schmidheiny family businesses could develop separately».

Thomas Schmidheiny in front of the painting «Buste d'homme à la pipe» by Pablo Picasso



And this is the way things were to stay. In fact, the family's building material interests had already been largely divided up back in the mid-twenties, when Ernst Schmidheiny I gradually began to move out of the brickmaking business, which was transferred to his brother Jacob II and then on to Jacob's son Peter and grandson Jacob III. As time went on, the business ties became looser and looser. The individual members of the «fourth Schmidheiny generation» eventually all went on to pursue completely different professional strategies. Stephan moved away from the near-construction business he had inherited and into the high-tech industry, and over the years he unburdened himself of actual operational management tasks, delegating them to others. Not least under the influence of his activities on the international platform, he left the narrower confines of the manager arena, preferring to call himself an «industrial architect». Thomas, on the other hand, concentrated on the building industry (with one exception) and was happy to continue playing an active top management role as chief executive officer.

Thomas: «Concrete and all that goes with it»

The construction segment comprising cement, «concrete and all that goes with it» proved to be Thomas Schmidheiny's element. Born on 17 December 1945 in Balgach in the Rhine Valley, he graduated from the *Swiss Federal Institute of Technology (ETH)* in Zurich with a joint degree in

business management and control and process engineering in 1969. In the classic Schmidheiny tradition, he set about learning the business «from scratch», mainly on assignments with «Holderbank» subsidiaries abroad, including a stint as shift foreman in Peru. In his capacity as technical director at *Cementos Apasco* in Mexico in 1970–71, he bore sole responsibility for the entire factory with an annual production of 600,000 tonnes and a staff of 340. He learnt a lot during his time in Mexico, particularly through the close contact with the workers. On returning to Switzerland in 1972, he enrolled in a course for junior executives at the *International Management Development Institute (IMADE)* in Lausanne, obtaining a master's degree in business administration (MBA).

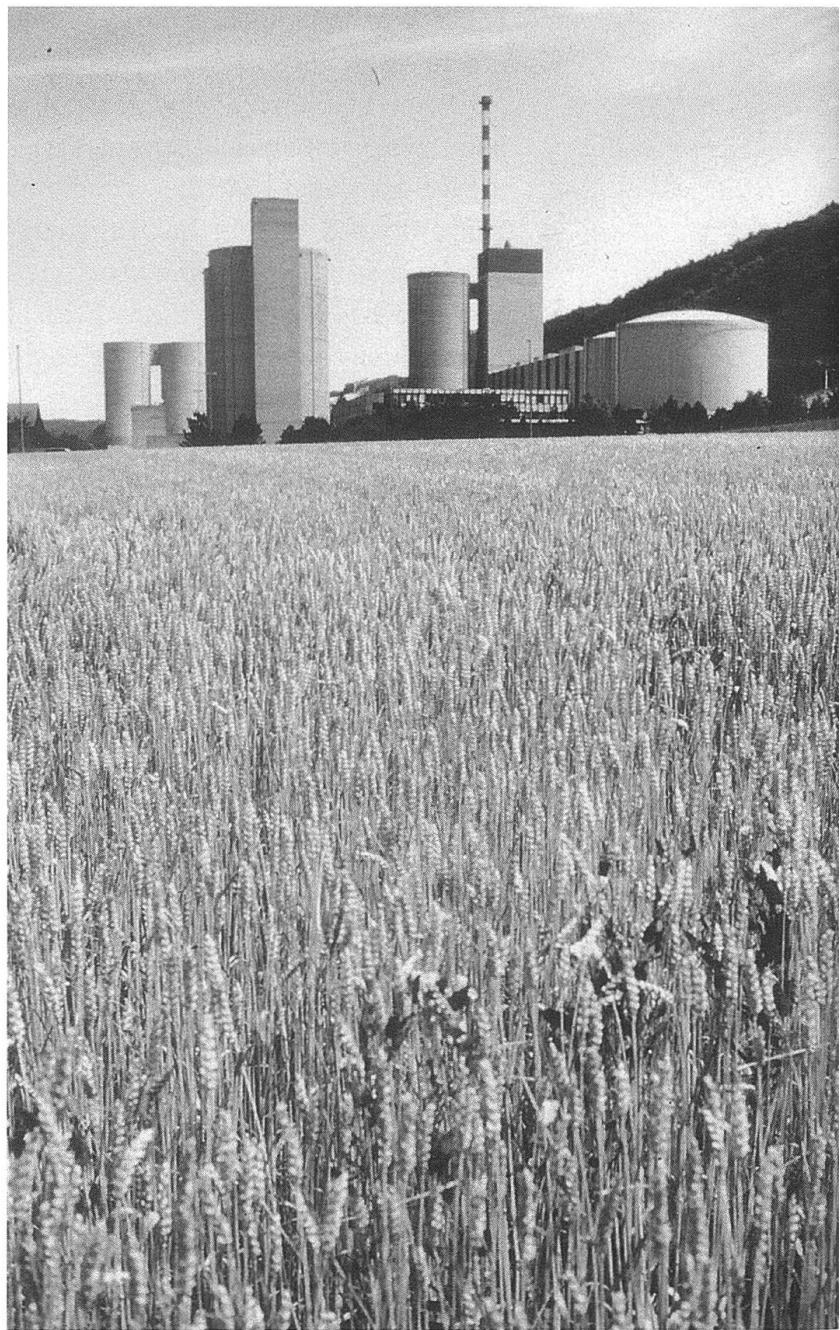
Thomas Schmidheiny was now ready to start his career at «Holderbank». From 1973 onwards he gradually began familiarizing himself with the group and in 1975 was appointed managing director of the Swiss cement factories merged under «Holderbank» *Financière Glarus Ltd. (HOFI)*, where his remit was to restructure operations and bring them into line with modern market conditions. At the same time, he ran the Secretariat to the executive committee, management and board of directors of *HOFI*. A year later, as newly appointed member of the executive committee with the rank of Senior Vice President, he was placed in charge of Swiss and Middle East operations within *HOFI*. In 1978 he rose to the position of chairman of the executive committee and managing director on the *HOFI* board, advancing to Deputy chairman of the latter body in 1980. When his father Max Schmidheiny divided up his interests in 1984, all the «Holderbank» participations were transferred

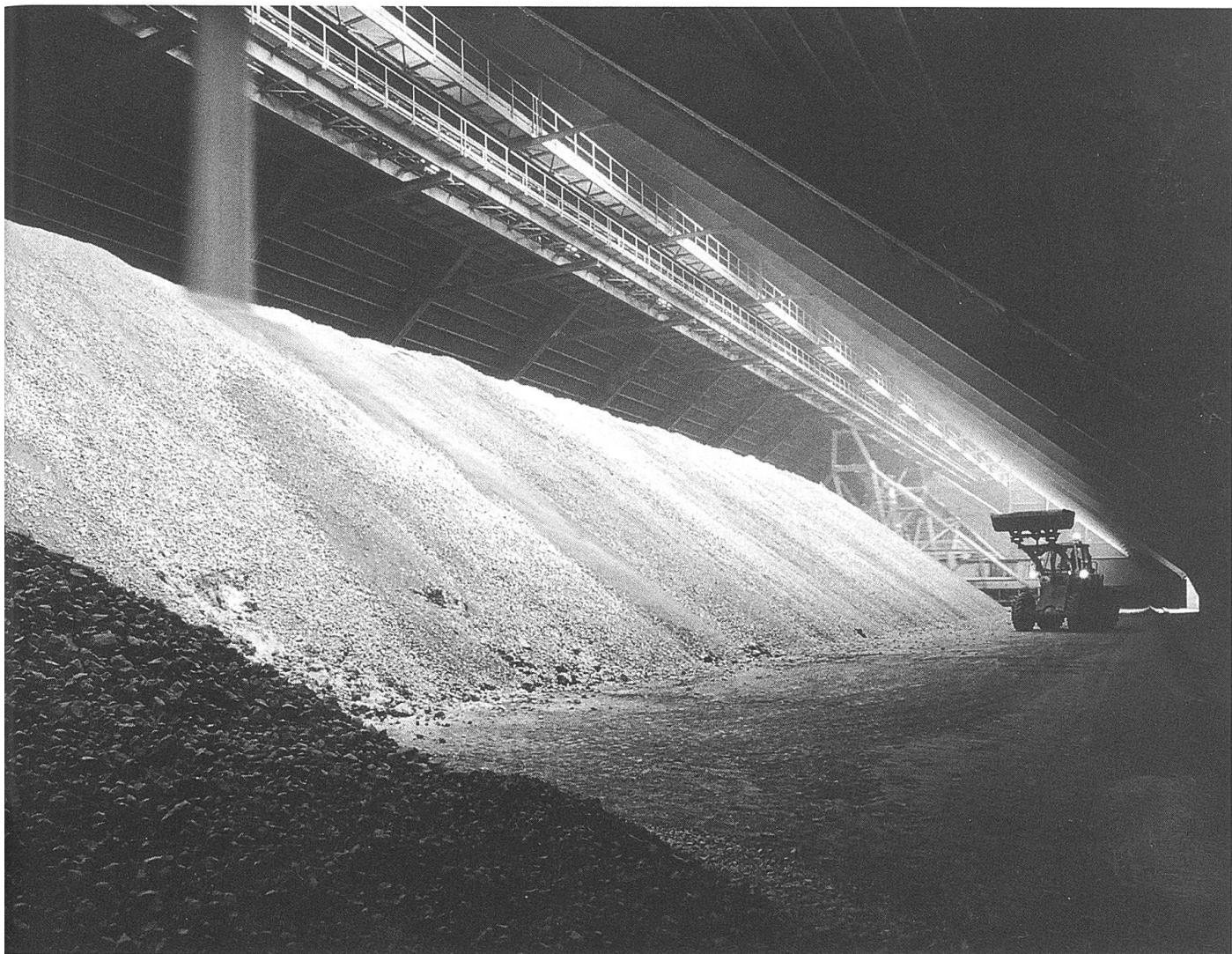
to Thomas, who then stepped down from the boards of *Amiantus* and *Eternit*.

«Holderbank»: the world's largest cement producer

As chairman and managing director of «Holderbank», Thomas Schmidheiny achieved such a dominant position in Switzerland in the space of just one-and-a-half decades that the 1911 cement cartel had become redundant. He pulled off a major coup in May 1992, when he staged a series of acquisitions and engineered the extreme-

The «HCB plant in Rekingen

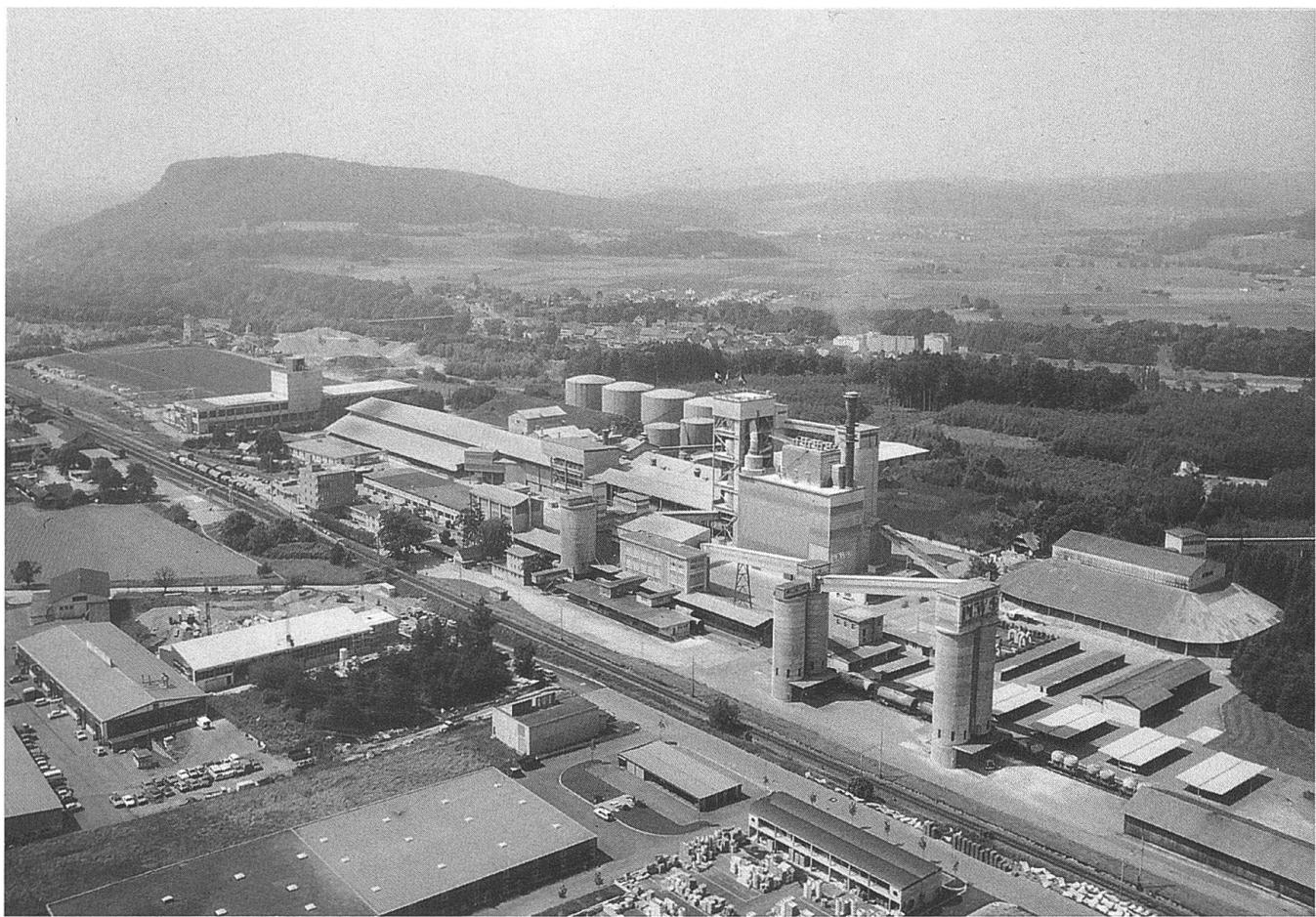




Raw materials in storage at «HCB Rekingen

ly complex process of restructuring holdings to form the new billion-franc concern *«Holderbank» Cement und Beton AG* («HCB»). Now controlling a good half of the Swiss cement market, Thomas Schmidheiny had forestalled Switzerland's Federal Cartel Commission, which after eight years of laborious work had finally completed its «most complex, extensive and protracted investigation» into the cement cartel for nothing. The Commission's 300-page report was destined for the waste-paper basket. In January of the same year, this self-same Cement Cartel, *E.G. Portland*, had voted to dissolve itself at the end of 1994. All that was left was a new, voluntary transportation ordinance which propagated shipping cement by rail for ecological reasons.

Thomas Schmidheiny was not perturbed by the fact that the cartel had been replaced by a new major cement group. At the end of August 1993, he wrote: «There are still several independent cement producers in Switzerland. In the international arena, all Swiss cement manufacturers have to stand up to powerful rivals across the border and defend their market position in a spirit of free and fair competition.» *«Holderbank»* had of course also secured a predominant position in these very markets across the border from Switzerland and now ranked as number one cement producer in the world. Running to less than ten percent, Switzerland's contribution to total group sales took on somewhat more modest proportions in the mid-nineties. In Thomas Schmidheiny's



view, it was much more important to expand abroad in response to the increasing globalization of cement markets, a process which transformed cement «more and more into a cross-border bulk commodity».

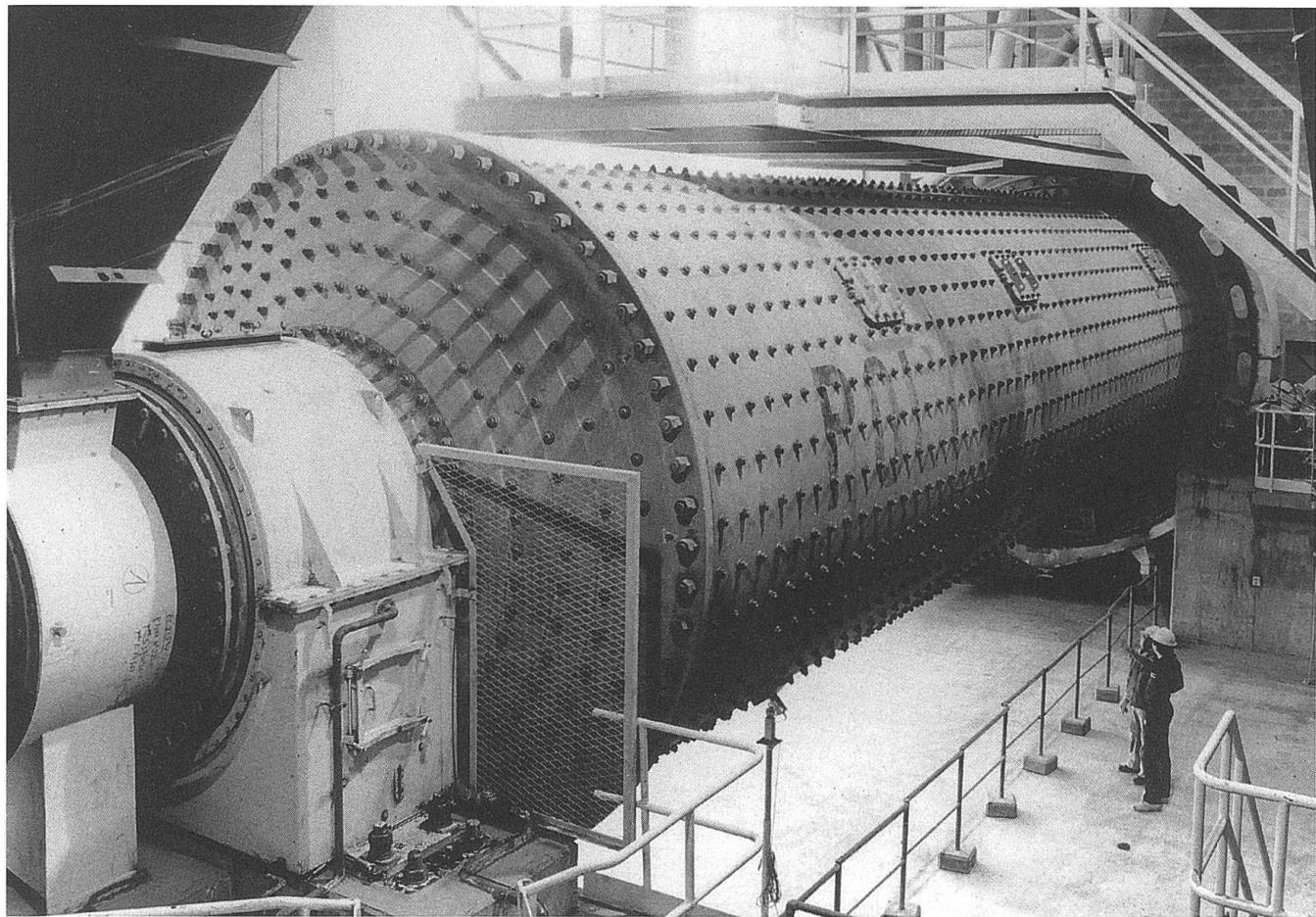
«Holderbank's» CEO took stock of operations in a speech delivered in January 1994: his group embraced «35 cement companies with 77 plants as well as 37 gravel and ready-mixed concrete firms together boasting a total of 100 gravel quarries and over 400 ready-mixed concrete operations». Thomas Schmidheiny also pointed out that «Holderbank» had group and affiliated companies in thirty countries on five continents. The group has nonetheless stuck to the principle of decentralized management. Even as «Holderbank» went from global strength to global strength, it still kept its small headquarters in Jona near Rapperswil in the canton of St. Gallen on the upper reaches of Lake Zurich.

Anchored in the Pacific Rim

Thomas Schmidheiny went on to point out that in the period from 1912 (when «Holderbank» was founded) up to the outbreak of World War II the Swiss-based company began expanding in the direction of Europe and South Africa. After 1945, the group set its expansionary sights on North America, Latin America, Australia and New Zealand. The most recent stations of the «Holderbank» development campaign have been North Africa, Eastern Europe and Argentina. Thomas Schmidheiny is keen to stress that of the 36,000 employees working for the group at the time, «as many as 42% are based in developing nations and newly industrialized countries».

In recent years, Latin America has developed into one of the mainstays of group operations. A number of annual reports from the early nineties testify that Thomas Schmidheiny had «noth-

«HCB's Siggenthal plant



The semimanufacture clinker is ground to cement in the mill following the addition of small quantities of gypsum.

ing but positive news to report» on Latin American activities. In 1993, he openly described the region as a «jewel in the *Holderbank* crown». At the same time, the group's push towards Eastern Europe was taking off. This was a unique venture inasmuch as many Western European companies were still reticent to invest in the region, but it was none the less an experiment very much in line with the political views of the *Holderbank* CEO. Thomas Schmidheiny was one hundred percent behind Swiss membership of the *European Economic Area*. When Switzerland's electorate rejected the EEA motion in December 1992, he began to ask himself and others which Europe was going to be important for him and his group. His answer: «Our vision today is a Europe that stretches to the Ural mountains». As early as 1989 *Holderbank* started buying into cement plants in Hungary, followed by acquisitions on the

Czech and Slovak markets. The group subsequently established a «major base of operations with future potential» in Eastern Germany, the former GDR.

Holderbank then started to look even further east. In 1993, the group announced that it would be building a cement plant in Vietnam, hinting that it was contemplating expanding its reach of operations into China. Thomas Schmidheiny told the *«Badener Tagblatt»* newspaper in an interview published in spring 1994 that the «next major step is clearly to anchor the group firmly in the Pacific Rim». However, he was quick to add that «it will take around twenty years to implement our Asia visions». Elsewhere the *Holderbank* chief reiterated that a policy of global diversification guarantees his group «a secure leadership position on many markets independently of international events» and that this approach must be «consis-

*The Rohozník plant
some 30 km to the
northwest of Bratislava,
one of the two new
«Holderbank» bases in
Eastern Europe*



tently pursued as a hedge against risks».

«Conscious customer proximity»

«Geographic diversification» was eventually followed by «vertical diversification». As executive committee member Max D. Amstutz put it, «Holderbank» has always adhered to the proverb «Cobbler, stick to your last» and will always do so. From the very outset, the group took a conscious decision not to branch out into non-construction sectors: «We have hived off everything that has nothing to do with our core operations», Thomas Schmidheiny himself reported.

And even within the building segment, «Holderbank» focused on those areas where the group had developed considerable know-how – concrete and related products. Every effort has been made to provide customers with a full service. In the words of Max Amstutz, the group «was transforming itself from a monoculture far removed from the market to a polyculture close to the market», gradually expanding the range of concrete products on

offer. In due time this embraced cement, gravel, additives, ready-mixed concrete, concrete chemicals and associated services. «Holderbank» did not simply start developing all-purpose construction chemicals but specialized in concrete chemicals, sticking strictly to its traditional product base. «Conscious customer proximity» or «downstream, customer-oriented and innovative marketing» are the expressions Thomas Schmidheiny used to describe this approach, which was to be faithfully followed by all group subsidiaries.

«Active leadership role» in environmental protection

A further principle that the group was to subscribe to with the same degree of global conviction is environmental protection. «Holderbank» has set itself the goal of assuming an «active leadership role» in this area, well aware «that the world's resources are limited» as the group wrote in its environmental mission statement in the mid-nineties: «Only an intact, vital environment is a precondition for growth

and quality of life for future generations. Accordingly, we accept the major responsibility facing industry in general and the building sector in particular to protect our environment.»

What does this mean in practice? That the raw materials used in the industry are to be used sparingly and, wherever possible, replaced by «residual materials» or recyclable substances, that ecologically conducive techniques of manufacture and distribution should be applied, that packaging should be reduced to a minimum and that here too recyclable, biodegradable materials ought to be used, and that wastage and emissions ought to be kept as low as possible when employing and processing «Holderbank» products.

Requiring substantial amounts of thermal and electrical energy, the cement production process is a perfect example of an area where environmental principles are clearly coming into play: nonfossil fuels such as waste oils, old tires or vegetable refuse are being used more and more in place of coal and petroleum. State-of-the-art plant facilities are equipped to incinerate waste wood or, thanks to modern waste gas technology, can even readily burn sewage slurry.

As regards the disposal of «residual materials», «Holderbank» is committed to cooperating closely with research centers and actively assisting other industries and the public sector, provided the disposal processes chosen produce better results from both an ecological and a business angle than traditional methods would.

Thomas Schmidheiny has underlined his group's intention to implement forward-pointing environmental projects come what may – true to the line taken by Winston Churchill that the only way to be truly consistent is to go with the times.

Intermezzo at Wild-Leitz

It was in the interests of the family that Thomas Schmidheiny did in fact once depart in a big way from the principle of focusing group operations on the building sector only. From 1984 on, besides running the «Holderbank» group, he took charge of the company *Wild Heerbrugg AG* and its subsidiary *Leitz* in Germany. This was an enormous challenge and, as Schmidheiny told current affairs journal «Politik und Wirtschaft» in mid-1990, one that «pushed him to his personal limits». In the course of one year, for instance, he went to Wetzlar some thirty times but none the less managed to tackle the problems at *Wild* and *Leitz* with his customary flourish.

Reorganization was no easy undertaking since the company's ownership and management structures did not become fully apparent until quite late – from today's standpoint too late. Thomas Schmidheiny was working towards an integrated group – and the problems this entailed were all too familiar to him as «Holderbank» CEO. Under his supervision, *Leitz* was taken over 100% and the new *Wild-Leitz* group established in Wetzlar. Aarau-based rival *Kern & Co. AG* was also taken over at the same time (something that *Wild* had long been hoping for). Subsidiary *Omag* in Mels was shut down to concentrate operations on the Heerbrugg plant, which had achieved some impressive productivity increases. These measures alone represented a first efficient step in the direction of creating a group. The appointment of the then 49-year-old Markus Rauh as chief executive officer marked the start of a management restructuring which was to be decisive for future developments.

The big change came on 22 March 1989, when Thomas Schmidheiny's high-tech intermezzo came to an end.

A controlling share package in *Wild Leitz Holding AG* was sold to Stephan Schmidheiny's *Unotec Holding AG*. In return, older brother Thomas took over *Gipsunion*, a group of Swiss gypsum manufacturers under Stephan's control that had been operating in Holderbank in Aargau for some time. In December of the same year, *Eternit AG* (with production sites in Niederurnen and Payerne) was transferred to Thomas, allowing him to focus entirely on the building materials industry.

«Switzerland has lost its claim to special status»

It was Thomas Schmidheiny's urge to become actively involved in politics that also left him feeling he was reaching his «personal limits». From 1972 to 1980 he sat on the municipal council of Balgach and from 1980 to 1983 was a member of the cantonal parliament of St. Gallen. When he took over *Wild-Leitz*, he suddenly found himself as «*Holderbank*» chief executive having to perform a double function that largely forced him to abandon his political career, something he was «very unwilling to do», as he admitted in an interview with *«Finanz und Wirtschaft»* in 1986.

When relieved of the task of running the optics group, he returned to the political arena. He soon made a name for himself in the early nineties with his harsh criticism of Switzerland's rigid structures, its encrusted business community and the inability of the government and politicians to act, all of which incited the wrath of conservative stalwarts. On 8 May 1990 he delivered a talk at the Solothurn Chamber of Commerce entitled «*Switzerland at the crossroads: tradition or new beginning»*. Thomas Schmidheiny stated that he wanted to air his «doubts as to whether the wealth and future potential that our

forebears had worked to achieve could be sustained and expanded on beyond the turn of the century without drastic changes». He repeatedly asserted that «*Switzerland has lost its claim to special status»*, an opinion he reinforced in a speech given at Linth Press in May 1993 entitled «*Vision of a Switzerland of the future»* which caused quite a stir. Thomas Schmidheiny bemoaned the fact that three barriers were blocking the path to a new future: «a democracy mired in democratism, (...) a political framework more conducive to administering legacies than plotting future courses, (...) a state increasingly unable to tackle the jobs at hand». And this at a point in history when «all around Switzerland a dynamic process of redevelopment and renewal has been underway for years».

Stephan: the «industrial architect»

This global «process of redevelopment and renovation» was also to shape Stephan Schmidheiny's career. Born on 29 October 1947, Adda and Max Schmidheiny's second son confessed to Werner Catrina that his youth had not been particularly harmonious. «I was weighed down with problems, wondering about the meaning of life. I was concerned about the threat to our environment, and also pondered on the question of wealth. I was certainly less of a child than my friends of the same age.» However, none of this stopped him from developing a nose for business and technology very early on in life. At the age of 15 he bred rabbits, sold them on the market and with the proceeds bought himself a motorbike, which he took apart, fixed and put back together again. It was then that he discovered a «natural affinity to all technical things. I sensed somehow that this could not be the whole world. (...) And I also felt that it was point-

Stephan Schmidheiny
with his mother Adda,
1990



less for me to study something I had a natural aptitude for anyway». Stephan thus opted to «complement» his education by studying law, a decision that his father «Sir Max» dismissed as a complete mistake. In his view law was more or less a «futile diversion». However, when writing his doctoral thesis, Stephan was still able to call on his father's knowledge of the law: during his time as National Councillor the latter had launched the idea of an investment risk guarantee for developing nations that later found its way into Switzerland's legislation. And Stephan's doctoral dissertation was on this very subject in 1972.

Stephan was later to claim that his legal training enabled him to «analyze complex situations and translate the findings into simple decisions». He had, however, never once considered actually becoming a lawyer. Dreaming of doing development aid work, Stephan felt that his calling was in the Third World. He was ready to sign a contract for an assignment to Uganda, but time was against him. Still one year after the successful putsch against dictator Idi Amin, the country was in

the grips of chaos and terror, and Stephan had to abandon his plans. Instead he entered the family business – and where else but on postings to far-away countries.

«Lugging asbestos sacks with the best of them»

In true Schmidheiny tradition, he had learnt his trade from scratch. In 1969, during a five-month assignment with *Eternit* in São Paulo, Rio and Salvador he «lugged asbestos sacks with the best of them». It was then that he developed his love for Latin America, a passion he was to live out to the full years later. He first had to make his way in the family firm. On completing his studies in 1973, he started his first real job, again abroad. Stephan spent a year in the planning department of South African-based *Everite*, the *Eternit* subsidiary that his Uncle Ernst II had set up in the middle of the war in 1941 with considerable financial support from his brother Max, Stephan's father. *Everite* was to cause Stephan quite a headache in the eighties following media reports on social and political unrest.

At the outset of his career, Stephan had other worries though. On returning to Switzerland in 1974 he was appointed head of sales at *Eternit AG* in Niederurnen and on 1 January 1975 managing director. The following year overall management responsibility for the Swiss *Eternit group* passed from his father to Stephan, who also successively took charge of international operations. When Max Schmidheiny divided up his interests in 1984, older brother Thomas was put in charge of «Holderbank» operations and Stephan was appointed head of *Eternit*.

The latter had already begun restructuring the *Eternit group*. In 1976 he demanded that the «guiding principles of the company founders be dynamically aligned to the changing environment». What did that mean? That the strategy of «coordinated decentralization» so valued by father Max was essentially continued in such a way that group companies retained «far-reaching powers» and were «generally free in the formulation of their business policy», as *Amiantus* executive committee member Max Graf put it. At the same time, Stephan Schmidheiny also planned to move away from the somewhat «intuitive style» practised by his father and to impose a modern form of management at the companies under him. «I want order, and I want to be well organized», he wrote in a memo dated 1980.

The restructuring of the *Eternit group* brought with it the question of where Stephan Schmidheiny should establish his future home and business. Back in 1977 he had recognized the wisdom of living separately from his brother, and even the question of being located in Heerbrugg could be no more than «secondary». «An independent domicile will provide an opportunity (...) to begin or continue in my own fashion, unburdened by tradition.» Stephan found and moved into his new domicile in 1978: Hurden on the upper reaches of Lake Zurich, in the Canton of Schwyz. It was there he set up a new home and a modest headquarters with an astonishingly small staff.

The battle of the «wonder fibres»

The *Eternit* restructuring drive also posed an extremely thorny problem that proved to be a source of major concern for Stephan Schmidheiny. He was faced with the basic issue of whether the legacy he had inherited was still valid and viable. Evidence seemed to be mounting that the «wonder fibre» asbestos was a possible cause of illness. In the sixties, Dr. Irving Selikoff, then medical advisor to one of the unions representing insulation material workers and later Director of the Cancer Research Institute at Mount Sinai Hospital in New York, published a controversial report on the cancer risks that asbestos workers were exposed to. The study triggered endless debates on both sides of the Atlantic and was decried by numerous advocates of the «wonder fibre» as a plot to start a «campaign of hysteria».

In the early seventies, unions and left-wing politicians in Sweden demanded a ban on asbestos. The then 25-year-old Stephan Schmidheiny was sent there by his father in 1974 and experienced what he later referred to as his «Sweden shock». To start with, he still believed that asbestos was basically here to stay but soon realized that he had been mistaken and gave up the staggered, pragmatic line he had initially advocated. On 15 November 1976 he set up a *New Technologies task force* whose job it was to find alternatives for asbestos.

From the very outset the *NT task force* was fully aware of the technical and financial difficulties it would en-

counter. Stephan Schmidheiny's toughest opponents were within his own family. Still in 1984, his father Max branded Selikoff's misgivings as «insanity» and continued to view asbestos as harmless. Towards the end of the eighties Stephan Schmidheiny described his fundamental conflict with his father in the following diplomatic terms: «My father found it difficult to share my concern and understand the consequences I had taken. (...) He was convinced that I was overreacting and felt sure that the general commotion would die down sooner or later.»

Initially Stephan Schmidheiny also met with a lack of understanding among the people in his own group and at associated companies. Business friends either accused him of betraying the cause or expressed grave doubts about the new *Eternit* policy and the possible ramifications. His critics included Fritz and Rupert Hatschek from Vöcklabruck in Austria, heirs to Ludwig Hatschek, who had discovered asbestos cement at the turn of the century and filed it for patent protection on 30 March 1900. The same view was taken by the heads of *Eternit*'s French and Belgian operations, who tried in particular to bring their German partners around to their way of thinking since the Federal Republic had been inundated by a veritable anti-asbestos wave in the early eighties. After heated discussions, the association of asbestos cement producers *Eternit Asbestzement e.V.* (headed by *Eternit Berlin*) and the German Ministry of the Interior finally reached an agreement under which the asbestos cement industry pledged that by the end of 1990 it would only manufacture asbestos-free building materials.

Stephan Schmidheiny was unshaken in his endeavours to replace asbestos at all his production facilities

across the globe. In his view, the *NT program* applied just as much to Costa Rica as to Brazil, South Africa, Germany or Switzerland. This was no easy undertaking, particularly in the Third World. He had no problems implementing his plan in countries such as Costa Rica with no asbestos reserves and where climatic conditions facilitated the replacement of the expensive «wonder fibre» by other, cheaper materials. However, it was difficult to enforce the *NT program* in countries such as Brazil, where asbestos was an inexpensive commodity, potential health risks were played down in public debate and *Eternit* was not the sole operator on the local asbestos cement market. In such cases, Stephan Schmidheiny had no choice but to resign himself to the fact that he was unable to make the world a better place, as he once lamented in a private discussion.

Away from the building industry

The whole wearisome asbestos affair may very well have been one of the reasons that prompted Stephan Schmidheiny to withdraw his companies from broad segments of the *Eternit* industry and diversify into non-building operations. As he has admitted on more than one occasion, he has always felt drawn to high-tech firms. At the same time, Stephan also contemplated a complete reverse of strategy. He was beginning to take the view of his forebears' philosophy that the owner of a company should also be responsible for operational management no longer necessarily held true for large segments of industry. Without forfeiting his personal influence, he started to build up a portfolio of holdings in major companies, some of which were listed in the stock exchange.

Since the seventies Stephan Schmidheiny's career has been marked by a rapid succession of acquisitions and divestments of significant companies both in and (in line with the diversification drive that began in 1979) outside the construction industry:

– Sale of *asbestos mines* and production sites, complete divestiture of *Eternit* operations in Brazil, Bolivia, Colombia, Mexico and later South Africa, hive-off of certain Middle East interests. Sale of Belgian and German *Eternit* plants. Shutdown of *Eternit* activities in Italy (where the *Eternit* group fell victim to the construction crisis raging in the country). 1989: *Swiss Eternit operations* (with production facilities in Niederurnen and Payerne) and the *Gipsunion* taken over by Thomas Schmidheiny; gypsum producer *Rigips* (inherited from his father) sold out to a UK firm.

– From 1978 on: participations in Swiss and foreign manufacturers of *metal constructions* and *steel, plastic and fibre cement* products – ventures that did not always prove a success and some of which had to be dropped.

– In Latin America, investments in companies involved in *water supply systems*, the manufacture of *prefabricated houses* and *asbestos-free fibre cement*. From 1982 on: engagement in *forestry ventures* and *iron and steel works* in Chile. One of these companies was later to cause Stephan Schmidheiny a dilemma in 1992, when a conflict flared up over iron dust emissions, causing critics to question his credibility as an advocate of unconditional environmental protection.

– Takeover of *Testina AG* from father Max Schmidheiny; main lines of business: building development, real estate management and property agents. 1993: sold to *Göhner Merkur*.

– Takeover (from Max Schmidheiny)

of *Privatbank und Verwaltungsgesellschaft*, an asset management bank involved in the purchase of BBC shares in the early sixties. Renamed in 1987 to *Privatbank Zürich (PBZ)*; following a critical phase, takeover mid-1989 by *Union Bank of Switzerland*, whose board of directors Stephan Schmidheiny has been on since 1978.

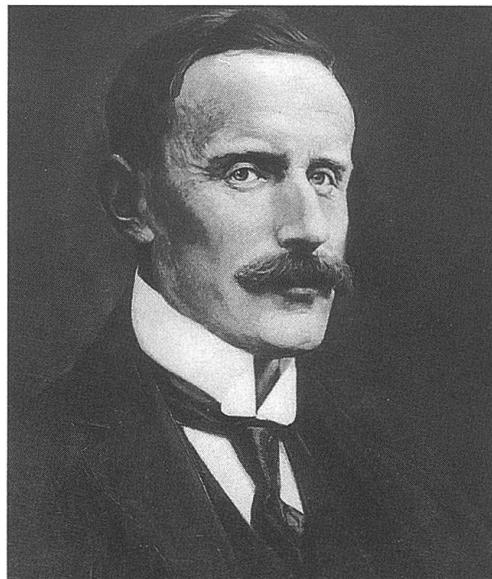
– 1979: acquisition of *Distral-Holding AG Zug*, comprising the *Schmid-Agence* and *Azed* kiosk groups (both with widespread Swiss networks) – sold in 1989 to the *Merkur group* (whose CEO Georg Krneta was also board chairman of *Landis & Gyr*) – and packaging company *Roxxo* with bases in Switzerland, Belgium and the Netherlands – sold in 1990 to *Frantschach Vienna*.

– Takeover of father Max Schmidheiny's *Brown Boveri* share package, which Stephan later added to. 1985: Stephan Schmidheiny elected to the *BBC* board of directors' committee. Following the subsequent merger between *Asea* and *Brown Boveri* in 1988, appointment to the board of directors of the newly created *ABB*.

– 1985/86: participation in watchmaking group *Société Suisse de Microélectronique et d'Horlogerie SA Biel/Bienne (SMH)* with Nicolas G. Hayek. Schmidheiny took the view that the watchmaking industry deserved to be «saved as a Swiss bastion». In the first two years he pursued a «very active role on the board committee and as permanent consultant». At the end of 1993 he gradually began to withdraw from his financial commitment to the *SMH*, prompting a change in the shareholder pool.

– 1986: election to the board of directors of the electrical engineering group *Landis & Gyr AG Zug*. Like his father Max before him, Stephan Schmidheiny was called in to help with succession planning; he was interested in

*Heinrich Landis (left)
and K.H. Gyr, who
founded Landis & Gyr
AG in 1914*



the enterprise «as a family problem, without initially wishing to invest himself». However, at the end of 1987 he bought a majority shareholding in *Landis & Gyr*, which he later scaled back to 38% and in May 1994 to just under 34% (sale of some 80,000 *Landis & Gyr* shares to the industrial holding arm *Industrie Holding* of the newly formed *Bank am Bellevue BB*). Expansion of market base in North America, Eastern Europe and Asia together with Willy Kissling, President of the *Landis & Gyr* executive board since October 1988.

– March 1989: takeover of optics group *Wild-Leitz Holding* from brother Thomas. Early 1990: merger with *Cambridge Instruments Company plc*; *Leica plc* founded.
– Spring 1990: acquisition of a majority shareholding in Asia specialists *Cosa-Liebermann (CL)*, a marketing and service group for high-grade capital and consumer goods.

Calling in a managing director

In addition to his many global business obligations, Stephan Schmidheiny has taken on other duties over the years. In 1984, he became a member of the *European Round Table (ERT)*, a group of European indus-

trialists who have set themselves the task of strengthening the economic development of our continent and – in Schmidheiny's words – stopping the spread of «Eurosclerosis». The association has also put out a series of reports. In 1989 he was elected to the board of directors of *Nestlé SA Vevey*. In May of the following year he was instrumental in engineering the merger between the *International Management Development Institute (IMEDE)* and the *International Management Institute (IMI)*, whose president he was, to form the Lausanne-based *International Institute for Management (IMD)*, where a *Stephan Schmidheiny Chair of Family Enterprises* has been established.

Stephan Schmidheiny split his group into three divisions at the end of 1989:

- *Unotec* with holdings in *Landis & Gyr*, *Leica*, *SMH* and *BBC/ABB*;
- *Nueva* with participations in Swiss and foreign manufacturers of near-construction products (steel, plastics, fibre cement), with the focus of operations on Latin America;
- *Anova* with a portfolio of trading and real estate interests.

After Stephan Schmidheiny had been actively engaged in the promo-



From its modest beginnings in 1914, Landis & Gyr in Zug...



...has developed into a major group: view of a modern production site

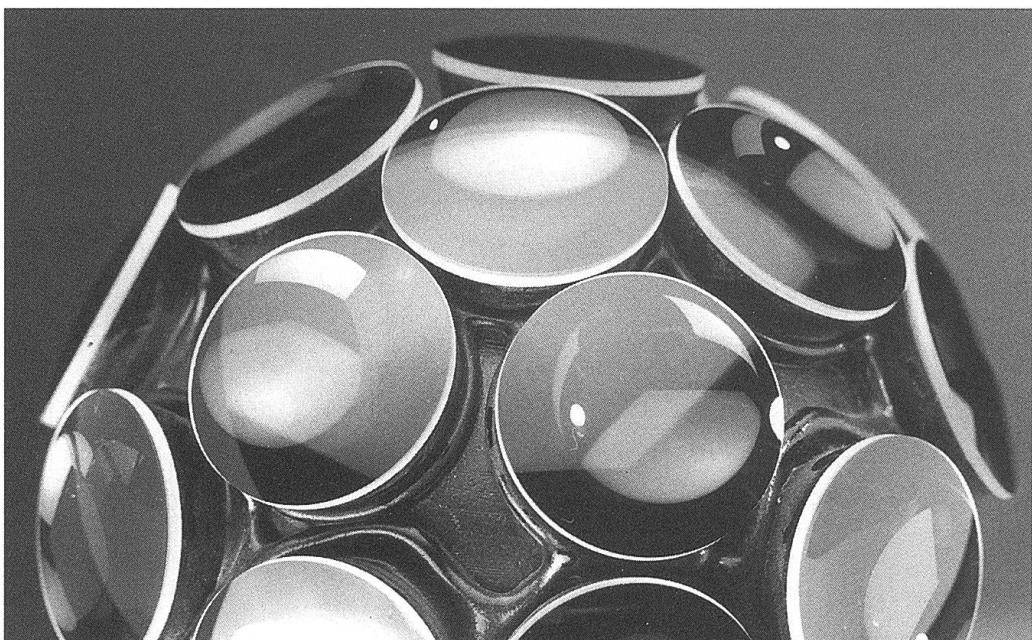
View of the Rhine Valley; in the foreground is the Wild-Leitz plant at Heerbrugg (now Leica); at the top center are the Alpstein and the Säntis

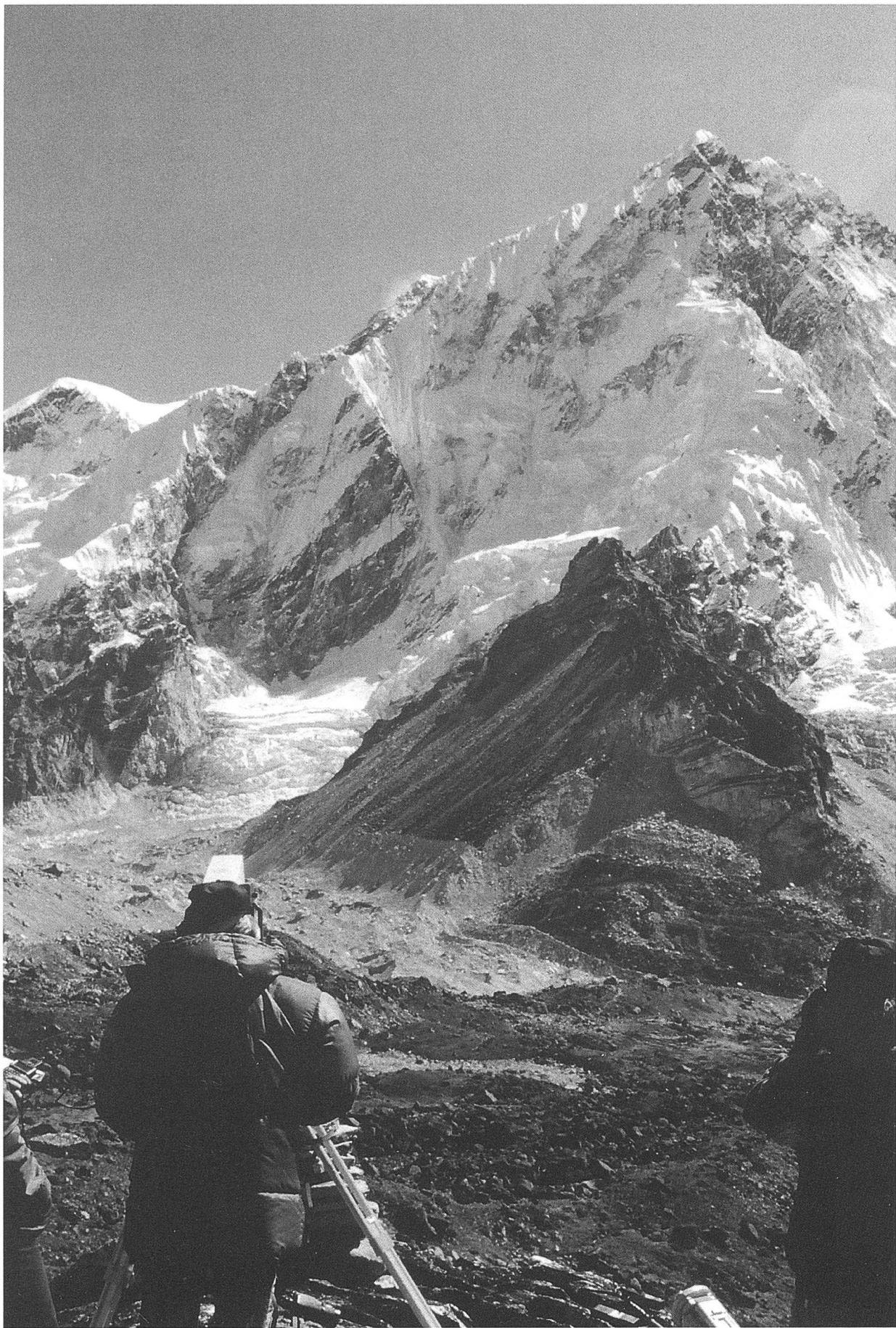


Optic coating at Leica in Heerbrugg: the workshops look more like laboratories than factory buildings



Polishing of the lenses employed in the manufacture of optical equipment at Leica in Heerbrugg





Mount Everest was remeasured at the end of September 1992 with the aid of state-of-the-art Wild technology

tion of environmental protection for some two years, he felt it was time for a sweeping change within his group. In early December 1992, he wrote: «A critical appraisal of the management structure of my group has led me to the clear conclusion that I require assistance in the performance of my many and varied responsibilities.»

Much to the surprise of the public at large, 57-year-old Robert Jeker, who for ten years had been president of the executive board of *Credit Suisse*, resigned his office effective 31 March 1993 to take over as managing director of the holding companies *Unotec*, *Anova* and *Nueva* on 1 April of the same year.

According to the official communiqué from Hurden, Jeker's appointment was to be seen «against the backdrop of the far-reaching global economic changes posing numerous different challenges for the group and its affiliates». In plain language, Stephan Schmidheiny, as he himself conceded, felt that over the preceding two years he had neglected his groups somewhat – certainly at least at holding company

level. He was too fascinated by the other tasks he had been devoting more and more time to. Being on a global plane, these tasks appealed to the sense of «higher motivation» that he had long been seeking to channel his entrepreneurial activities into and which «since childhood» he had felt to be a «vision and calling».

The vision of «sustainable development»

This turn of events in Stephan Schmidheiny's life was predated by the offer of an international mandate in 1990. In September of that year he was designated *Principal Advisor for Business and Industry* by Maurice Strong, General Secretary of the *United Nations Conference on Environment and Development (UNCED)*. For the industrialist this marked the start of a hectic period of worldwide trips, encounters and intense discussions on the «fundamental problem of humanity» that was to occupy him for months: the question of «sustainable development». This term had played a major role at the 1987 *World Commis-*

Stephan Schmidheiny, Chairman of the Business Council for Sustainable Development, with Maurice Strong, General Secretary of UNCED, on the occasion of the presentation of his book «Changing Course» in May 1992



sion on Environment and Development presided over by Norwegian Prime Minister Gro Harlem Brundtland. According to the report entitled *Our Common Future* issued at the time, sustainable development should allow people today to satisfy their needs without preventing future generations from satisfying theirs.

It was patently obvious that business leaders from across the globe could make a decisive contribution to achieving «sustainable development». Essentially, this was the rationale behind the remit that Stephan Schmidheiny had received from Maurice Strong with an eye on the UN Environment Conference to be held in Rio de Janeiro in June 1992. In the course of some five months, Schmidheiny managed to enlist fifty top business leaders from all corners of the globe to join the newly formed *Business Council for Sustainable Development (BCSD)*. In conjunction with his fellow members, Council Chairman Schmidheiny produced a comprehensive book entitled *«Changing Course – A Global Business Perspective on Development and the Environment»*. Published in twelve languages, the book contains an analytical section and numerous case studies showing which approaches companies could adopt to combine the dynamism of industrial production with environmentally tolerable development and so achieve balanced and «sustainable economic growth» or what Stephan Schmidheiny refers to in his book as «eco-efficiency».

When it first appeared in March 1992, *«Changing Course»* met with a lively echo from the world's media. On 4 May of the same year, Stephan Schmidheiny presented a copy of the book to U.S. President George Bush at a White House reception, a moment which the author of the work and the

Chairman of the *BCSD* ranks among the highlights of his career. The Rio de Janeiro *Earth Summit* took place one month later. The laboriously drafted papers which the conference generated hardly represented the revolutionary results that certain optimists had dreamt of. Despite the immense efforts that had gone into staging the summit, it was quickly overshadowed by major league politics. Stephan Schmidheiny for his part had never regarded the *Earth Summit* as the ultimate goal but an «important milestone on a long and arduous road».

The majority of members voted in favour of keeping the *BCSD* alive to be able to set up special *task forces* to carry out decentralized and detailed analyses of specific aspects of sustainable development. Stephan Schmidheiny remained Chairman of the Council one year longer than originally planned before handing over the office to Anand Panyarachun, former Prime Minister of Thailand.

That a representative of a newly industrialized country should assume the presidency of the *BCSD* was no mere coincidence. Sustainable development is a global issue of major significance to industrial nations and Third World countries alike. It has always been in Stephan Schmidheiny's nature to devote his full attention to the Third World, primarily in a region that seems to him to hold much promise for the future: Latin America. 1986 saw the founding of *Fundes*, an institution that small and medium-sized companies in the region can turn to for credit guarantees and advice.

Switzerland: a negative balance

The activities of the *BCSD*, which «only make sense on a global platform», have naturally given Stephan Schmidheiny a certain distance to his home country of Switzerland. Pri-

vately he once conceded that he felt just as much at home anywhere else in the world as he did in Switzerland. And yet, he keeps a watchful eye on this self-same Switzerland – and is certainly no less critical than his older brother Thomas. On 9 November 1989 Stephan Schmidheiny gave a talk to the *Zurich Society of Economists* on the subject of Switzerland in international competition. The *Swiss Association of Trade and Industry (Vorort)* published the speech at the end of the month and it met with hefty criticism and even some indignation. Schmidheiny professed to being a Swiss «through and through». He presented a respectable balance sheet for Switzerland Inc, detailing the following assets: «a high standard of education, top quality products and services, peaceful labour relations thanks to a tradition of cooperation, innovative research, a spirit of enterprise, cosmopolitan openness, political stability, a solid infrastructure, and excellent conditions for raising capital».

However, this positive assessment was largely placed in perspective: for Stephan Schmidheiny the picture of a «perfect Switzerland» has ceased to be valid. He spoke of «a declining willingness to accomplish («minimalism»), a trend towards allround protection («full insurance cover mentality»), a rampant rise in demands («having-your-cake-and-eating-it attitude»), a tendency towards isolationism («fortress mentality»), and a growing complacency («blinkered thinking»). In Stephan Schmidheiny's view, these human behaviour patterns («I'm almost tempted to say: these typically Swiss vices») combine «fatefully (...) with structural factors such as a lack of flexibility, a slow-moving political apparatus» (embracing the much-venerated «politics of small steps» and

the Helvetian brand of «compromise mechanisms»), «a hardening of the political fronts, a proliferation of regulations, vanishing tax breaks, and a dearth of venture capital or entrepreneurial commitment».

In the course of 1991 a number of business leaders, professors and publicists produced a collection of studies in book form on the topic of *Swiss economic policy in international competition*. In collaboration with Fritz Leutwiler, the former President of the Swiss National Bank and then co-chairman of *ABB*, Stephan Schmidheiny wrote an introduction reiterating the critical thoughts on the state of Switzerland voiced in his 1989 address. «In this rapidly changing environment, Switzerland, hitherto spoilt with success, has to prove itself anew. (...) We are beginning to doubt our ability under a virtually non-interventionist market system to promote efficiency and prosperity and at the same time to secure social progress and a natural environment capable of self-regeneration.»

Alexander: a different mould of Schmidheiny

Besides sons Thomas and Stephan, Adda and Max Schmidheiny had two other children that went entirely their own ways: daughter Adda Marietta, born in November 1944 and who later settled in the United States (a special foundation for the village of Pagig in Graubünden was established in her name), and son Alexander, born on 25 March 1951. Max Schmidheiny, for whom achievement was the ultimate goal, would also like to have seen Alexander launch a successful career in business. «Anyone who proved himself to my father to be a doer could have anything he wanted from him», Alexander once claimed. And it was this very proof that the youngest of the

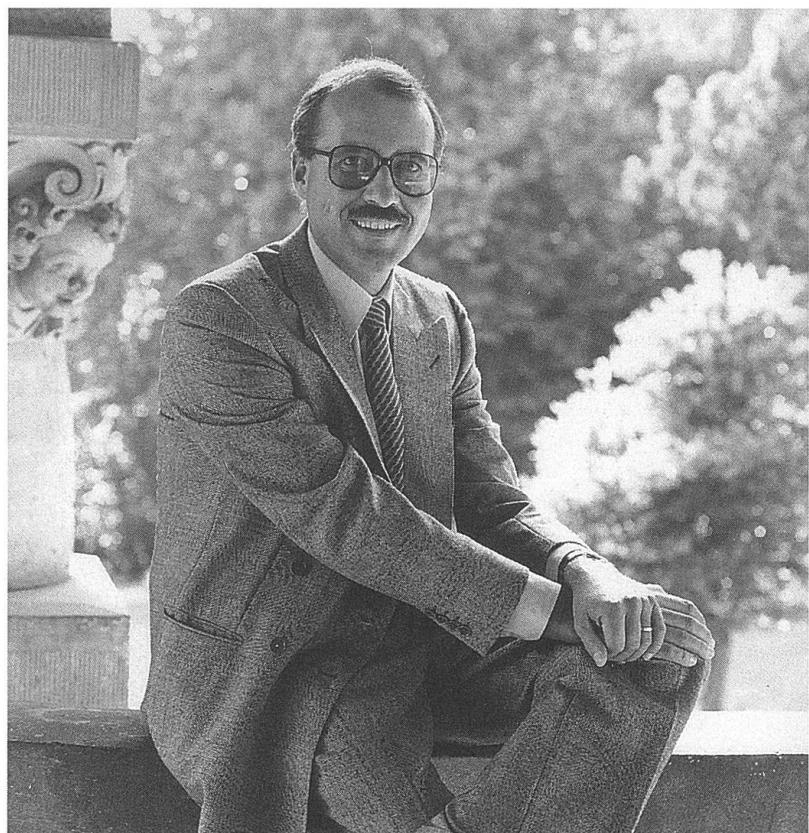
Schmidheiny brothers was unable to provide. He was, in his own words, «a revolutionary, a product of the '68 movement».

In that eventful year of 1968, Alexander was 17 years old, an age at which he should at least have made a decision on what course of study he intended to pursue. This was when the big argument broke out with his father, who wanted his youngest to study engineering at the *Federal Institute of Technology* in Zurich. Alexander would hear nothing of it; he dreamt of a combination of physics (which he studied for four semesters) and philosophy. Also enrolling for courses at the University of Fribourg, he went on to study economics, a choice which his father only barely approved of. Alexander never graduated; he spent three years on the editorial staff of the Swiss business journal «*Schweizerische Handelszeitung*», a period which he felt prepared him a great deal for life.

Father Max found it hard to accept that his youngest son was not going to make a businessman in his own mould. When he had eventually come to terms with this fact, he proved to be generous, letting Alexander live his own life. Max's wife Adda had played a major part in bringing about this change of attitude. As Alexander's mother she was familiar with his traits and wanted to give him a chance to «be different». As Stephan Schmidheiny so succinctly put it once: «Father wanted a successful child, Mother a happy one.»

Californian wine and Swiss ski wax

It was also thanks to Adda Schmidheiny that Alexander did become a manager of sorts for a while. During a visit to California Stephan Schmidheiny bought a nine-year-old 27-acre



vinegrowing estate with the French name *Cuaison* located near Calistoga on the Silverado Trail in the Napa Valley. He also subsequently acquired another 400 acres of land further south, closer to San Francisco. Essentially, wine was nothing new for the Schmidheiny family. To the southwest of the «Rebhof» manor where Max and Adda Schmidheiny lived was a two-acre vineyard, and it was here that the owners carefully tended their own brands of wine: the *Heerbrugger Riesling-Sylvaner* and the *Heerbrugger Rebhof*.

Alexander Schmidheiny, 1989

The decision to buy *Cuaison* was very much in line with Adda's wishes. She had always shown a keen interest in Californian vines, all the more so as they had been likened by a local connoisseur and winegrower to «diamonds in the rough just waiting to be cut». With its white Chardonnay and red Cabernet-Sauvignon, *Cuaison* very soon figured among the most notable wines in the United States and Europe. The Americans initially had a



The «Rebhof» at Heerbrugg, residence of Adda and Max Schmidheiny

little trouble getting their tongues round the French name. Early labels bore the phonetic rendering «Quway-sawn» to help them overcome pronunciation difficulties.

On his first trip to the States in the summer of 1980, Alexander Schmidheiny went on a one-day excursion to the family vineyard. He was quick to recognize that «something could be made out of the estate» and so brother Stephan appointed him «patron» of *Cuvaison*.

Shortly after joining the ranks of California's winegrowers, he embarked upon another venture in Altstätten, where in 1916 Jakob Tobler had set up a small workshop that produced household cleaning goods during World War One. The business flourished to become *Toko AG (Tobler & Kompagnie)* around 1933. Making a name for itself selling ski wax, the company expanded under its founder

and especially his sons and grandson. It exported its products with the black and yellow trademark all over the world. In 1982, Hans Jürg Tobler decided to sell off part of the firm, which was facing financial difficulties. On 30 September of the same year, Alexander Schmidheiny took over *Tobler & Co. AG*, the sales companies *Skimatic AG*, *Toko France S.A.R.L.* and *Deutsche Vertriebsgesellschaft* as well as the Bregenz-based Austrian production company *Toko*. Ninety or so jobs in the Rhine Valley had thus been saved; *Toko* remained Swiss but despite numerous attempts at restructuring was always to prove a major headache.

Alexander never saw the company get back on an even keel. He died of heart failure on 2 February 1992. *Cuvaison* was transferred to Thomas Schmidheiny – a problematic legacy following the devastation caused by

Entry in one of Toko's visitors' books bearing the signature of the reigning Swiss champion Roger Staub on the occasion of the International Lauberhorn Race on 12–13 January 1957; underneath are the signatures of the Austrian national team, including champions Karl Schranz and Toni Sailer.

27. Internationales Lauberhorn-Rennen
Wengen 12./13. Jan. 57

Das Lauberhorn ist das
schönste Rennen
Toko ist das beste Wachs
Roger Haub

Die österreichische Internationalmannschaft
bedankt sich für die "Kippelten"

Toko-walze:

Karl Schranz

Felix Baumgartner

Toni Sailer

Walter Mathis

Leopold Klemm

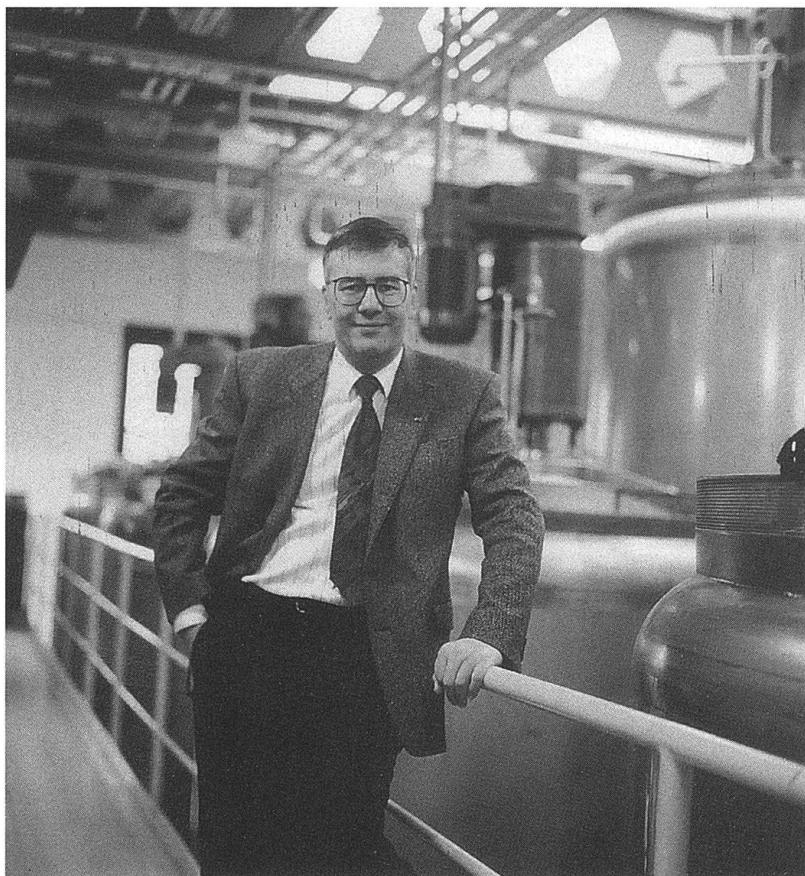
von Kremer
Heinz Kelland
Toni Mark
Zürcher Ziegelei
Anton Griss

vine pest. Toko was sold to *Zürcher Ziegeleien Holding* under Jacob Schmidheiny III and merged with subsidiary *Arova Mammut AG*, specializing in mountain sports articles.

Jacob III: more than just bricks

This was one of the steps that Jacob Schmidheiny took as chief executive

of *Zürcher Ziegeleien* to avoid focusing operations entirely on the construction industry. In his drive for diversification he pursued an unhurried but consistent course. As he pointed out at the 1980 General Meeting, he was well aware that «branching out to non-core activities entails certain business risks and that even the most me-



Jacob Schmidheiny III

ticulous of analyses cannot identify and evaluate all aspects of new technologies and new markets».

His circumspection was no surprise. Even his decision to work in the brick industry was not an easy one. Born on 23 September 1943 and raised in Zurich, Jacob, the second of Peter Schmidheiny's five children, had more of a flair for the natural sciences. On finishing high school, he enrolled at the *Federal Institute of Technology*, where he soon came to realize that he was «not the researcher type». He switched to economics and in 1971 obtained a degree in that subject from the University of Zurich.

His love of nature endured, as did his enjoyment of walking and his passion for photography – a passion he was to give free rein to in later years, when in 1977 he published a collection of photos of the former Soviet Republic of Armenia. And even as a fifty-year-old industrialist he lament-

ed the fact that he had never had a darkroom, something he had wanted since childhood: «And when would I ever have the time to use one?»

He soon turned into a man of action. As a student he claimed he «would rather do practical work than study», which explains why he later spent time working in a variety of areas at different industrial companies as well as in regional planning. In 1974, he went to *Compagnie de Construction Sulzer* in Paris, returning to Zurich one year later, partly because his work permit had run out and partly because a visit to *Zürcher Ziegeleien* had made it clear that the company – in common with others in the industry – was in the throes of a crisis. The situation in 1975 was evidently a lot worse than it appeared on the surface: the construction industry had been hit by a severe slump and sales were down by at least a third. Staff and management at the company had failed to make contingency plans – the crisis seemed to have taken everyone by surprise.

On 1 January 1977 Jacob Schmidheiny was appointed to the executive committee of *Zürcher Ziegeleien (ZZ)*. One year later, as managing director, he assumed overall responsibility for operations. He also took on the office of chairman of the board of directors in 1984.

From the very outset, Jacob Schmidheiny faced the awesome task of restructuring the group and «bringing about a change in mentality – a tough school» as he later acknowledged. *Zürcher Ziegeleien* was forced to do early what other companies did not begin doing until years later. State-of-the-art methods were tried and tested, including lean production and the deployment of new materials and novel products to supply to existing and future markets.

Safeguarding the long-term future

The significance of heavy building materials, which twenty years previously had accounted for some 90% of turnover, was declining considerably. In 1993, crude building products generated 35% of sales (with tiles alone making up 21%). In keeping with this trend, other product lines such as insulating materials, varnishes, paints and plasters expanded over the years. In 1980, *Zürcher Ziegeleien* ventured to put a foot outside the actual construction market, a development that in Jacob Schmidheiny's view was «crucial to safeguarding the company's long-term future». The group moved into consumer and industrial products, including upholstery foams, mattress fillings, sponge articles and non-CFC-containing special polyurethane foams for technical applications in the auto industry and other segments. Further additions to the product range were fire hoses, ropes, belts, sports and leisure articles, mountaineering equipment, lifting and safety devices, ski wax and rucksacks.

The development of new lines outside the building material sector was the result of a persistent expansion drive at home and abroad through the acquisition and modernization of suitable companies in Switzerland, Germany, France and the United States. The real estate business also began to take on more importance. As early as 1912 during the founders' meeting, Jacob's great uncle Ernst Schmidheiny senior extolled the virtues of land and property as the «most precious asset» a company could hold. Brickworks need to secure reserves of suitable-grade clay years in advance. For decades now *Zürcher Ziegeleien* has had to buy vast plots of land, some of which are sold off again – and not

always at the best terms – once reserves have been exhausted.

The group's real estate portfolio is still impressive. Following the closure of the *Tiergarten* brickworks in Zurich's Wiedikon district, the site (almost 100,000 square meters) was rezoned in 1974. The initial development project drafted by *Zürcher Ziegeleien* met with hefty opposition – and would hardly have been viewed as desirable from today's standpoint. After years of administrative and political to-ing and fro-ing, the City Council finally issued special planning regulations in 1982, dividing the entire brickworks site into three zones, two of which were sold. For the actual *Tiergarten* location covering a total area of 61,000 square meters ZZ was considering a 541-apartment project to be erected in three stages. Jacob Schmidheiny involved himself in the planning and construction phases and saw to it personally that a city development was built that had a distinct village feel and lots of green areas. «Not luxury apartments, but dwellings offering more than the average in terms of quality and space», as he told the *«Tages-Anzeiger»*. Considering who had commissioned the project, it was only logical that the apartment houses boasted imaginatively designed tile roofs. And *Zürcher Ziegeleien* in no way attempted to conceal the fact that the decision to build was dictated by business considerations. The group wanted to see its investment yield a return which they hoped would make up the major part of earnings during any construction slump.

How strongly the *Zürcher Ziegeleien* group had expanded and positioned itself became clear when in 1984 staff relocated to an imposing eight-storey office block in Zurich's Giesshübel district. Appearances can





The Tiergarten development built by Zürcher Ziegeleien between 1986 and 1993, bordered by the Uetliberg railway (top), Friesenbergstrasse (center), Talwiesenstrasse (front) and Bühlstrasse (left)

be deceptive though: the building does not house a grossly inflated HQ. True to an old Schmidheiny family tradition, the group is strongly decentralized, as also befits the brick-making trade: «Unlike cement, bricks are semimanufactures directed at a local market. Small manufacturing units are called for – as well as a decentralized management structure.» One of the first things that Jacob Schmidheiny did was to reduce his overheads, consciously keeping his administrative staff and board of directors modestly sized. To give the individual management divisions as much scope and authority as possible, *Zürcher Ziegeleien* went over to a holding structure in 1992, deconcentrating the various lines of operation and making them as flexible as possible.

«Thorough rethinking»

The Giesshübel office building boasts another unique feature: for ecological reasons the spacious tile and glass construction was not fitted with air conditioning. Environmental protection has become a watchword at *Zürcher Ziegeleien*, and under Jacob Schmidheiny the company has «subjected operations to a thorough rethinking». This was not an easy task in the sectors the group worked in. The brickmaking division aimed at working clay reserves as sparingly as possible in order to preserve the habitats of endangered species of plant and animal indigenous to the quarry sites, both disused and still in use. Despite an increase in the degree of mechanization, energy consumption had to be kept low or where possible even reduced. Although it may not be any harder for the paint and varnish divisions to implement ecological measures, it is certainly equally difficult. Priorities include developing environ-

mentally friendly products, informing customers on how to use them properly, coming away from noxious or harmful solvents, and manufacturing water-dilutable paints. Companies have to devise disposal and recycling models for purifying plant effluent without harming the environment.

However, environmental protection has its limits for Jacob Schmidheiny when «ideological wrangling over the very existence of industry begins to assume greater importance than preserving our natural surroundings». At the *Zürcher Ziegeleien AGM* on 2 May 1991 he reproached critics for wanting the «products» but not the «production».

Faith in the will of the Swiss to achieve reform

Jacob Schmidheiny had thus entered the political arena. He has never been afraid to level criticism at present-day Switzerland: «What we desperately need in Switzerland today», he said at the same 1991 AGM, «are concrete measures designed to improve business conditions and our competitive base. Unfortunately all I get to hear are buzzwords like *vitalization*, *deregulation* and *liberalization*, but I see very little action. On the contrary, Switzerland is still drifting off-course. (...) New laws and decrees are passed regardless of whether they are enforceable or even feasible. (...) This trend stems from a ruinous hedging mentality. Positions are secured by erecting artificial barriers and imposing stubborn rules instead of defending them by dynamic action. This applies as much to individual companies as to the state as a whole. Just as market forces are unlikely to guarantee a particular firm a share in the market, the world cannot be expected to reserve a slice of international trade for Switzerland. We

have to relearn (...) how to assert and reinforce our position through work, audacity and innovation.»

These may be the words of a severe judge, but at the same time they are imbued with confidence for Switzerland's future – the very confidence that was also echoed in the words of Stephan Schmidheiny or Fritz Leutwiler when they emphasized in their foreword to the 1991 policy paper that their work «was driven by a clear affirmation of what Switzerland stands for, by the faith they had in the will of the Swiss to reform their economic system, and by their firm belief in the value of making this country a

haven of liberalism once more». The self-same confidence that Thomas Schmidheiny implied when he spoke of the immense challenges facing Switzerland today. «I am convinced», he said in an address delivered in 1993, «that there are enough outstanding personalities in our midst with the courage to rise to these challenges.» And elsewhere he added: «Let's seize these tangible global business challenges as an opportunity to shake ourselves out of our apathy. We are responsible for revitalizing our country and leaving it fit for future generations.»

Thomas Schmidheiny: Chronology

1945 17 December: born in Balgach

1969 Joint degree in business management and control and process engineering from the *Swiss Federal Institute of Technology (ETH)* in Zurich

1970–71 Technical director at *Cementos Apasco Mexico*

1972 Course for junior executives at the *IMEDE* in Lausanne, *master's degree in business administration (MBA)* – member of the municipal council of Balgach (until 1980)

1975 Managing director of *HOFI Glarus*, head of Secretariat to the executive committee, the management and the board of directors of *HOFI* – «Holderbank» commissions Rekingen plant

1976 Appointed member of the executive committee with the rank of Senior Vice-President in charge of Swiss and Middle East operations within *HOFI* – «Holderbank» becomes the number one cement producer in North America following the purchase of a majority holding in U.S.-based *Ideal Basic Industries Inc.* – acquisition of cement plants in southern Spain

1978 Chairman of the executive committee and managing director of *HOFI*

1980 Deputy chairman of the board and managing director of *HOFI* – member of the cantonal parliament of St. Gallen (until 1983)

1983 Member of the advisory board of *United Technologies Corporation, Hartford, Conn., U.S.A.*

1984 Chairman and managing director of *HOFI* – chairman of the *Wild-Leitz group*

1989 Takeover of *Gipsunion* and *Eternit* (with facilities in Niederurnen and Payerne) from Stephan Schmidheiny; transfer of *Wild-Leitz* to *Unotec*

1990 Takeover of *Northwestern States Portland Cement Company* in Mason City (Iowa) – merger of *ex-Dundee Company* with *Ideal Basic Industries Inc.* – acquisition of interests in various plants in Hungary

1992 Swiss operations restructured: creation of «Holderbank» *Cement und Beton AG* («HCB»), takeover of construction group *PCW (Portland Cement Werk Würenlingen-Siggenthal AG)* – «Holderbank» controls two thirds of the Swiss cement market

1993 *E.G. Portland* and the cartel commission agree to dissolve the cement cartel as of the end of 1994 – majority holding in *Cimenterie de l'Oriental (CIOR)* in Morocco – construction of a cement plant in Vietnam

Stephan Schmidheiny: Chronology

1947 29 October: born in Heerbrugg

1969 Spell as shift foreman at *Eternit Brazil*

1972 Obtained doctorate in law at the University of Zurich

1973 First job, with *Everite* in South Africa

1974 Return to Switzerland – head of sales at *Eternit AG Niederurnen*

1975 Managing director at *Eternit AG Niederurnen*

1976 Assumption of overall management responsibility for the *Eternit group*; beginning of a trend away from asbestos; trials with new technologies

1978 Election to the board of directors of *Union Bank of Switzerland*

1979 Start of diversification outside the construction sector

1981 Election to the board of directors of *BBC* (election to the board committee in 1985)

1984 Father Max Schmidheiny's operations divided up – membership of *European Round Table, ERT* (until 1994)

1985 Establishment of *SMH* with Nicolas G. Hayek; on board committee until 1988; end of 1993: gradual withdrawal from *SMH*

1986 Election to the board of directors of *Landis & Gyr* (major stake at end-1987) – establishment of *Fundes*

1989 *Wild-Leitz* transferred to *Unotec – Gipsunion* and *Eternit* (with facilities in Niederurnen and Payerne) made over to Thomas Schmidheiny – Stephan Schmidheiny divides his group up into *Anova*, *Unotec* and *Nueva*

1990 Non-executive chairman of *Leica plc* (*Founded at the start of the year*) – Maurice Strong, General Secretary of *UNCED*, appoints Stephan Schmidheiny *Principal Advisor for Business and Industry*

1991 Establishment of the *Business Council for Sustainable Development (BCSD)*; Stephan Schmidheiny is appointed the first BCSD Chairman (office expired end of 1993)

1992 Publication of the book *Changing Course – A Global Business Perspective on Development and the Environment* – early May: reception held by U.S. President George Bush – June: *Earth Summit* at Rio de Janeiro

1993 Robert A. Jeker, former president of the executive board of *Credit Suisse*, is appointed managing director of *Unotec, Anova and Nueva*

1994 *Unotec* acquires stake in newly founded *Industrie Holding (Bank am Bellevue, BB)*

Jacob Schmidheiny III: Chronology

1943 23 September: born in Zurich

1971 Degree in economics from the University of Zurich – joined *Zürcher Ziegeleien (ZZ)*

1974–75
Assignment with *Compagnie de Construction Sulzer* in Paris

1975 Back at *Zürcher Ziegeleien*

1977 Member of the executive committee of ZZ

1978 Managing director of ZZ

1980 Start of diversification drive:
Takeover of *Nauer group* (polyurethane foam for furniture and upholstery industries and consumables)

1982 Acquisition of *Arova-Mammut AG* in Lenzburg, now in Seon (rope goods, belts, sports articles)

1983 Vice chairman of *Wild-Leitz Heerbrugg* (until 1990)

1984 Chairman of the board of ZZ

1986 Start of construction work on *Tiergarten* development in Zurich – completed in 1993

1987 Acquisition of *Schmid Rhyner AG* in Adliswil (dyes, varnishes)

1988 Takeover of *Siegfried Keller AG* in Wallisellen (dyes, varnishes, noise protection materials) – acquisition of *Fürst AG* in Wädenswil (rucksacks)

1992 Takeover of *Reisgies Schaumstoffe GmbH* in Leverkusen (polyurethane foams) – ZZ converted into *Zürcher Ziegeleien Holding* in Zurich

1993 Takeover of *Toko AG* in Altstätten (ski wax and ski care products)

From generation to generation

