

# D'IETEREN





# Odisee

DE CO-HOGESCHOOL



*About the author*

Ellen Debackere (PhD) is member of the Center for Sustainable Entrepreneurship (CenSE) at the Odisee University of Applied Sciences. CenSE carries out innovative and high-quality practice-oriented scientific research into how sustainable entrepreneurship can be put into practice at family businesses and SMEs.

E-mail: [ellen.debackere@odisee.be](mailto:ellen.debackere@odisee.be)

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## **1. Introduction**

It is an understatement to say that writing about the D'Ieteren case has been a unique and exciting experience. In the year 2005 this family business celebrated its 200<sup>th</sup> anniversary. This means D'Ieteren has survived more than two centuries of economic, social and political developments since its inception in 1805. Located in the city of Brussels, capital of Belgium, this family company's history clearly illustrates D'Ieteren is a real Hénokiens, the international association of family businesses and bicentenary companies. Moreover, next to its longevity, D'Ieteren constitutes a very interesting case to offer insights into the factors influencing success and longevity that are family firm specific. As such, this case study cannot only be an inspiring source of information for family businesses that want to safeguard the continuity of their firm, but also for scholars that attempt to uncover patterns of long-term survival in family firms and explain them in depth.

## **2. Main research questions**

To compose this case study, a number of research questions has been derived from previous research in the field of family business literature. The main research questions we approached, are listed below:

1. What are the characteristics of the company? What is the main sector of activity and how does it relate to the development and strategy of your family business?
2. What are the most important strategic and/or entrepreneurial events and initiatives in your history? To which extent have the past and tradition played an important role in D'Ieteren's longevity? Has D'Ieteren been guided by its history and did the company learn lessons from the past?
3. To which degree have environmental and cultural (regional, national) factors influenced the development of your company?
4. Innovation/expansion

- To what extent has the family and company been oriented towards innovation and the generation of new ideas, experiments and creative processes that have led to new strategic initiatives/actions, products or markets?
- Research on the success of sustainable enterprises cites diversification as one of the four most important elements. What was the importance of diversification for D'Ieteren?
- How does D'Ieteren feel about expansion? Has the company pursued a rather conservative financial policy or not?

## 5. Strategy

- Would you describe your strategy as rather cautious or is the company rather quick to respond to a changing market or other economic developments? Have you generally taken new strategic initiatives ahead of your competitors or do you prefer to wait and / or adopt the "new" later?
- What is D'Ieteren's position on internationalization?
- Family businesses that survive for a long time, often build lasting relationships with their immediate environment. What is the relationship between D'Ieteren and its immediate environment? How important was the capital of Brussels for D'Ieteren?

## 6. Family business

- How has your company's history evolved by emphasizing the role and participation of family members?
- In what way do you think the familial character of your company influences your business operations? What are the power relations between non-family members and family members in the company? What is D'Ieteren's position on this?
- According to research, a typical family business aspires a long-term existence for the company, rather than profit size. Does this apply to D'Ieteren?

## 7. Values

- What are the core values of your family that underpin your family business and how do they relate to growth and entrepreneurship?

- It is sometimes said "that there is no such thing as a company that cannot be destroyed by an individual". Do you think that the personality of a manager has been very important for the success of the company? And how did D'Ieteren manage its success?

- Is there a strong corporate culture in D'Ieteren?

- How important is family harmony for D'Ieteren?

## 8. Succession

- How have succession processes been managed in the past and how has the ownership, governance and management of your family business improved or limited your decision-making about growth and business opportunities?

- Family businesses that have passed the 100-year mark attribute this to forward-thinking behavior and by making and planning appointments on time. How important has it been for D'Ieteren to make timely family appointments?

- What is the importance of the simplicity of ownership/management for D'Ieteren? Has it been pruned at certain times in history?

9. Which role does the local environment play in your business, in your goals, in your strategy, in the corporate culture? How have family and individual family members (historical and current) played a role in (local) networks and initiatives and how did they influence the company?

## 3. Methodology

This case study is based on a combination of desk research on the one hand, and some qualitative semi-structured interviews on the other. Firstly, literature, websites and newspaper articles have been consulted to gain general knowledge of the family firm's industry. Secondly, two interviews have been conducted. The first interviewee was dr. Catherine Rommelaere, who has devoted her doctoral thesis to coachbuilding and bodywork in Belgium during the eighteenth and nineteenth centuries, and who is currently D'Ieteren's corporate historian. The second interviewee was Roland D'Ieteren, member of the sixth generation of the D'Ieteren family. Roland D'Ieteren was D'Ieteren's managing director for thirty years and chairman of the Board of Directors for 42 years. Roland D'Ieteren played a paramount role in the development of D'Ieteren as Belgium's

leading car importer. In 2017, his son Nicolas D'Ieteren succeeded his father as chairman of the Board of Directors. All the interviews were conducted in French in the period between January and June 2019, and subsequently transcribed. Once the case study was completed, both Roland D'Ieteren and Catherine Rommelaere were asked to read and comment on the text in order to approve the written statements.

#### 4. D'Ieteren and the automobile sector

This year, in 2020, the D'Ieteren company has existed for more than 200 years. Throughout that history, the company ventured into a multitude of activities, and underwent regular expansion. Nowadays, the group has three main activities built around the following brands:

- D'Ieteren Auto (100% owned): imports and distributes Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche vehicles in Belgium, as well as spare parts and accessories. In addition to vehicle distribution in Belgium, D'Ieteren Auto owns a group of dealers.
- Belron (54.85% owned): is the world leader in vehicle glass repair and replacement.
- Moleskine (100% owned): is a premium lifestyle brand. The company develops and sells notebooks and writing, travel and reading accessories.

Based on the 2018 annual accounts retrieved from the National Banc of Belgium's (NBB) public website, the following figures currently apply to the D'Ieteren Group (cfr. Table 1):<sup>1</sup>

Table 1 The D'Ieteren Group in numbers

	2018	2017	2016
<i>Equity Capital</i>	2655 million euros	1760 million euros	1683 million euros
<i>Turnover</i>	7418 million euros	6941 million euros	6472 million euros
<i>Net profit</i>	1048 million euros <sup>2</sup>	195 million euros	215 million euros
<i>Staff</i>	32.951	31.222	28.348

<sup>1</sup> Article *Trends*, [https://trends.knack.be/economie/bedrijven/de-generatiewissel-bij-d-ieteren-4-familielgen-en-1-miljard-om-te-investeren/article-longread-1505249.html?cookie\\_check=1581527866](https://trends.knack.be/economie/bedrijven/de-generatiewissel-bij-d-ieteren-4-familielgen-en-1-miljard-om-te-investeren/article-longread-1505249.html?cookie_check=1581527866) (consulted 12<sup>th</sup> of February 2020)

<sup>2</sup> The sale of a 40% stake in Belron yielded over € 1 billion.



The history of the Belgian automobile industry goes back to the end of the nineteenth century. Various factors contributed to the democratization of means of transport, which increased throughout the nineteenth century. As a luxury industry, the coachbuilding industry had always been closely dependent on the prosperity of the social classes it catered to. In the eighteenth century, it was the wealthy aristocracy that had made up the bulk of its clientele and enabled it to produce these prestigious objects of ostentatious luxury. Those who wished to buy a carriage at that time had always paid close attention to its construction, choosing the model on the basis of a drawing or sketch. In other words, just like for a piece of clothing, a piece of furniture of choice or a house, they wanted a personalized vehicle, unlike any other, bearing the mark of their taste, originality and birth.

However, in the first third of the 19th century, this nobility was challenged by the upper bourgeoisie, enriched by trade, industry and finance. This bourgeoisie, as well as those who held important public offices, in turn acquired carriages. However, many of these industrialists or merchants chose to abandon the large state coaches and chariots in favor of more modern, more practical or more sporty vehicles, more adapted in any case to their lifestyle and their spirit of new men.

But alongside these great men's fortunes, there appeared an infinitely larger mass of buyers with more modest incomes. Coming from a hard-working bourgeoisie, they quickly showed themselves eager to gain access to this prestigious object which materialized all their hopes of social success. However, their financial means did not allow them to afford the luxurious carriages whose fashion, imported from England, was beginning to reach the continent under the impetus of the greatest coachbuilders. It was equally impossible for them to maintain at great expense the many prize horses and staff required by these sumptuous crews. So they naturally turned to smaller, lighter and therefore cheaper carriages that they could harness to a single horse and drive themselves. Britain, once again, soon offered them an infinite number of models. This variety of types also responded to special needs that had also multiplied with the new lifestyles. Finally, the improvement and extension of the road network had not been unrelated to the impressive increase in the number of vehicles.<sup>3</sup>

But at a certain moment, the horses would get replaced by the automobile. The automobile was first invented and perfected in Germany and France in the late 1800s, though Americans quickly

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<sup>3</sup> ROMMELAERE (C.), *Voitures & Carrossiers aux XVIIIe et XIXe siècles. La Belgique face à la France et à l'Angleterre*, Bruxelles, Ed. Le Livre Timperman, 2004 pp. 183-184.

came to dominate the automotive industry in the first half of the twentieth century. Henry Ford innovated mass-production techniques that became standard, and Ford, General Motors and Chrysler emerged as the “Big Three” auto companies by the 1920s. Manufacturers funneled their resources to the military during World War II, and afterward automobile production in Europe and Japan soared to meet growing demand.

The most famous Belgian automobile brands at the end of the nineteenth century were Minerva and Imperia. From the 1920s on, foreign manufacturers, such as Ford, GM, Renault, Citroën and Chrysler set foot in Belgium.<sup>4</sup> In the motor car industry, which had barely emerged by the beginning of the twentieth century, yet the economics of which required sizeable production units, the significance of inheritance in relation to business and managerial development was crucial. Among the major mass producers of motor cars, survival of family ownership and management for a period longer than a single generation was exceptional.<sup>5</sup> That makes the D’Ieteren case a unique and very interesting case to study.

## 5. Early History

D’Ieteren’s origins go far back in time. In 1805, only one year after Napoleon Bonaparte crowned himself Emperor of France, Jean-Joseph D’Ieteren starts the work of wheelwright and manufacturer of wheels in Brussels. Despite years of political turbulence and economic hardship, the Brussels coachbuilding and bodywork still enjoyed a solid reputation in the region. Famous coachbuilders like Simons, Van Campenhout, Van Caudenberg, Van Kalck en Tilmont were distinguishing themselves and were even about to compete with their French and English counterparts in Paris or London.

Jean-Joseph D’Ieteren started his early career under rather difficult circumstances. Already at the age of fourteen, after losing his father and finding himself orphaned some years later, he worked as an apprentice and later as a wheelwright at coachbuilder Mommaerts’s workplace. After gaining sufficient experience and money, he decided to take over Joseph Chenu’s small workshop in the *Rue du Marais* in Brussels and started to work on his own account. The choice of location was excellent: his workshop was not only located close to the center of the city, but also close to the famous *Allée Verte*, where the most beautiful carriages were drawn by the finest

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<sup>4</sup> Clarysse (J.), *Analyse van de productieketting van de automobielsector in België*, unpublished Master’s Thesis, Ghent University, Gent, 2010, p. 2.

<sup>5</sup> Church (R.), “Family Firms and Managerial Capitalism: The Case of the International Motor Industry”, *Business History*, 1986, 28 (2), pp. 165-180, p. 165.

horses of the city. Moreover, his workshop was located only a few meters from the ancient and famous coachbuilder Simons's workshop. Presumably, the presence of such a well-known coachbuilder inspired the young wheelwright and stimulated him to distinguish himself in this profession.

That is most likely the reason why Jean Joseph started working – first with only one worker, and later with four of them – on a specific goal: to construct an exceptional carriage and to showcase it during the *Exposition générale des produits de l'Industrie* that would be held in Brussels in 1830. For this reason, he chose to build a Tilbury, a light, open, two-wheeled, one-horse carriage originally from England, and that had become popular on the continent after the Battle of Waterloo. Contemporary press was lyrical about Jean Joseph's masterpiece which showed true craftsmanship.

Unfortunately, Jean Joseph would not be able to enjoy his success for a long time. While the Exposition took place in July 1830, the Belgian revolution broke out only one month later, destroying the hope and months of efforts of several coachbuilders. Jean Joseph died only a couple of months later, in January 1831, and left a widow and four children.<sup>6</sup>

#### *First succession*

Fortunately, Jean Joseph had two sons, of which the eldest, Guillaume Adolphe, was twenty years old at the moment his father passed away, and the youngest, Alexandre François, fourteen years old. Both of them had learned the craftsmanship from their father and they continued the business in the *Rue du Marais*. During more than 25 years, Guillaume and Alexandre worked together to sustain the family, to share their knowledge and to obtain the title of master coachbuilder, which, despite the abolition of the guilds in 1791, was still something to be proud of. In 1849, the brothers named their business "*D'Ieteren Frères*". In the following period – and in the midst of an industrial boom – the brothers ran particularly well organized, modern workshops.<sup>7</sup>

While Guillaume D'Ieteren remained in his workshop until his retirement in 1883, Alexandre and his wife moved to the *Rue Neuve, numéro 106*, creating their own business, "*Alexandre D'Ieteren*", in 1857. There they set up a complete coachbuilding workshop, including a paint and trim section. From the middle of the century, the growing importance of French influence in

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<sup>6</sup> Rommelaere (C.), Oleffe (M.) & Kupelian (J. & Y.), *D'Ieteren 1805-2005, 200 ans d'histoire*, Brussels, Editions Racine et s.a. D'Ieteren n.v., 2005.

<sup>7</sup> Coupain (N.), *Histoire financière du groupe D'IETEREN (1805-2005)*, p. 1.

European coachbuilding was being felt, but Brussels craftsmen maintained their position against French competition. Alexandre D'Ieteren's workshops even acquired a solid reputation.

Alexandre's sons, Alfred and Emile, learnt the profession and - at the end of their training - were associated with the family business, which was named "*Alexandre D'Ieteren et Fils*" in 1872. The following year, following the Senne's sanitation plan, the workshops on the *rue Neuve* were expropriated and moved to Saint-Gilles, *chaussée de Charleroi*, where a model workshop was built, bringing together various trades and occupying several craftsmen.

#### *Supplier to the court*

Following Alexandre's retirement, the general partnership "*D'Ieteren frères*" was formed on February 1, 1878, by Alfred and Emile D'Ieteren. The firm's qualities were frequently recognized and rewarded with several medals, including a gold medal at the Amsterdam exhibition in 1883. During this period, the company took advantage of an era of unprecedented prosperity for the internationally renowned Brussels bodywork. Following the mission entrusted to it in 1887 to maintain the cars of the Court of Belgium, the firm was able to proclaim itself "Supplier to the Court".

In 1905, King Leopold II honored the House of D'Ieteren by ordering a gala carriage. However, at the end of the 19<sup>th</sup> century, the emergence of the automobile industry heralded a profound transformation in the bodywork sector. The bodybuilders that were observing this trend, were gradually turning to this new product and slowly abandoning the manufacture of coupled cars. From 1897, the D'Ieteren brothers therefore began the gradual conversion of their activities into a third profession: that of car bodywork.

Picture 1 The famous Transformable D'Ieteren Frères made around 1923. The whole upper part of the car is retractable. It is the ancestor of our convertible cars.



Source: *Le Groupe D'Ieteren. Cent soixante deux ans d'existence, cinq générations, une entreprise.* Unpublished folder, undated.

However, as the assembly of the chassis and bodies required more space, the workshops in the *chaussée de Charleroi* became too small. In 1906, the firm therefore started the construction of vast workshops located at 50, *rue du Mail* in Ixelles. This was the summum of the bodywork: bodybuilders turned to "car wrapping" and were experiencing a period of great prosperity. The period from 1895 to 1914 was marked by the rise, size and influence of the Belgian automobile, which was being exported all over the world.

The economic situation is favorable, exports and foreign trade are relatively free. The Brussels bodywork enjoys an international reputation for know-how and good taste that multiplies the number of orders. From the 1910s onwards, manufacturing methods were transformed, rationalized and technically improved. Mechanization is emerging. The different stages of bodywork manufacturing are concentrated within a single company, which shortens lead times. The average size of firms is increasing, sometimes to several hundred workers. The first

partnerships and joint stock companies appear. In the space of a generation, the bodywork trade has evolved from a strictly artisanal and family activity into a large capitalist industry. The D'Ieteren workshops had 125 workers in 1910 and 300 in 1913. The two sons of Alfred D'Ieteren, Lucien and Albert, meanwhile got interested in the family business, which has continued its activities without changing its name.

## 6. Family, firm and ownership

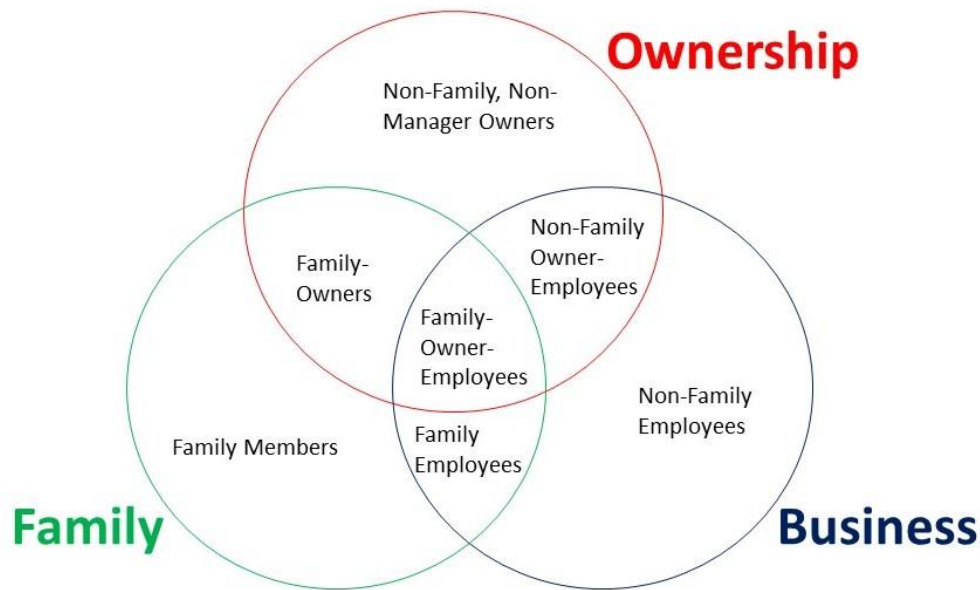
A relevant driver in explaining the longevity of family firms, is the way in which they are 'governed'. This consists of several elements: the way in which family firms collect resources with the goal of sustaining their activity; the way in which the power is distributed through ownership rights; and finally, the way in which decisions are taken.<sup>8</sup> As a result, research on family firms has been focusing on three areas: firm/business, ownership characteristics, and family, also known as the three circle model of family business.<sup>9</sup> This framework clarifies the three interdependent and overlapping groups that comprise the family business system: family, business and ownership. As a result of this overlap, there are seven interest groups present, each with its own legitimate perspectives, goals and dynamics. The long-term success of family business systems depends on the functioning and mutual support of each of these groups. In the following, we will try to analyze the longevity of D'Ieteren as a firm through these three aspects: the firm/business, ownership characteristics and the family.

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<sup>8</sup> Colli (A.) & Larsson (M.), "Family Business and Business History: An Example of Comparative Research", *Business History*, 2014, 56 (1), pp. 37-53.

<sup>9</sup> Gersick (K.), Davis (J.), Hampton (M.M.), & Lansberg (I.), *Generation to Generation: Life Cycles of the Family Business*. Boston, Harvard Business School, 1997.

Figure 1 The three circle model of family business



#### A. FIRM/BUSINESS

As to the firm, finance plays a major role. Raising capital in order to generate sustainable growth, but at the same time maintaining the ownership restricted within a limited number of relatives, has been seen as a question of paramount importance to family firms. Scholars have argued that financial conservatism, which implies that firms have low debts and/or are cash-rich, is an important firm level longevity factor. They underline that the majority of family firms are not focused primarily on profitability, but instead see financial strength as a priority.<sup>10</sup> Likewise, a tolerant management style and decentralized structure constitutes another firm-level longevity factor. Other researchers underlined the possible importance of internationalization with respect for the roots, diversification in line with the core activity, building on the past and showing respect for traditions and resisting overexpansion.<sup>11</sup> Some of these factors are clearly present in D'Ieteren's history, evolution and decisions. According to Roland D'Ieteren, a major factor of success for D'Ieteren's longevity is indeed the fact that his ancestors were always able to react adequately to the changing environment. At crucial moments – like when horses were

<sup>10</sup> Van Driel (H.) et al, "A Co-Evolutionary Analysis of Longevity: Pakhoed and its Predecessors", *Business History*, 2015 57:8, pp. 1277-1305.

<sup>11</sup> Barbera, (F.) & Hasso (T.), "Do we need to use an accountant?' The Sales Growth and Survival Benefits to Family SMEs", *Family Business Review*, 2013 26, pp. 271-292.

suddenly being replaced by motorized transport – D'Ieteren's leaders mostly always made successful decisions, history proved.

### *Building on the past*

A crucial step for the company in its early history has been when during the 1840s Alexandre decided to go to Paris in order to take courses on the art of line and descriptive geometry. In the French capital he was taught the bodywork design that would allow him to offer his future Brussels clients French-style cars. During this experience, Alexandre learnt a lot from his colleagues and he was able to add an original touch to his craftsmanship. During the time that Alexandre was leading the company, but also when Alfred and Emile were at the head, it is known that they proceeded step by step and that they have always kept their feet on the ground, without having unrealistic ideas. They studied theory, but also knew very well how things were done in practice. In this period, they start participating in international expositions, improving their bodywork design, but with continued respect for their roots.

It's only by the end of the nineteenth century that the horse was about to being replaced by the car. While continuing the production of horse-drawn vehicles, the D'Ieteren family was among the first to start building car bodies. On the 31<sup>st</sup> of December 1897 they delivered the first electric cart to Camille Jenatzy, a Belgian race car driver. Very quickly, the workshops on the *chaussée de Charleroi* became too small to meet all the orders and, in 1906, new buildings were erected at *50 rue du Mail* in Ixelles, less than one and a half kilometers from the old workshops. By the start of the twentieth century, a very important decision was made. Alfred D'Ieteren's sons, Lucien and Albert, took up the torch. They resolutely turned towards luxury car manufacturing, building bodies for many well-known brands, both Belgian and foreign. As for the Belle Epoque carriages, which had been the success of their workshops for more than a century, they disappeared for good in the turmoil of the First World War. It turned out that their decision – which was both risky, as with respect for tradition, built on the past and in line with the core activity - turned out to be of paramount importance for the future of the family business. The page was turned. A new era was dawning.

But it was not the only very important decision that was made. In this period, the Brussels bodywork enjoyed an international reputation for expertise and good taste, which resulted in a large number of orders. In one generation, the bodywork trade evolved from a strictly artisanal and family activity to a big capitalist industry. The D'Ieteren workshops had 125 workers in 1910, and 300 in 1913. But the First World War brought this expansion to a halt. Nevertheless, an important decision during this time will characterize the future of the family company. During



the war, Lucien D'Ieteren was appointed by the Belgian government to lead a department in Le Havre for the manufacture, repair and maintenance of military vehicles. In these workshops, many standardized and well-built American vehicles passed through, which astonished Lucien D'Ieteren and made him understand that the American car would be a formidable competitor for the European car in the aftermath of the conflict. From that moment on, he planned to take over the distribution of these cars, which would not materialize until the early 1930s with the Studebaker, Pierce-Arrow, Rockne and Auburn brands. But before this happened, another major decision was taken. In the aftermath of the conflict, the Belgian automotive industry was indeed experiencing difficulties: a difficult recovery in construction and new economic barriers restricting exports. But despite the difficulties faced by the bodywork sector, D'Ieteren continued to expand and generate profits. In terms of organization and management, an effort was made to increase productivity. The company also continued to expand geographically by buying out buildings adjacent to its premises on *rue du Mail*, where it set up new workshops in 1924-1925. With this decision, the family business proved to have clear insight into how to make circumstances right for the growth of the business. The surface area of the workshops was increased from 4,000 to 10,000 m<sup>2</sup> and the number of workers reached 700 at the end of the 1920s. On 17 June 1929, the shares are officially listed on the Brussels Stock Exchange. The majority of the voting rights are still held by the D'Ieteren family.

Table 2 D'Ieteren's history: an overview of the first half of the 20th century

<b>1919</b>	<i>Emile &amp; Lucien transform the D'Ieteren Frères company and set up the Société Anonyme Anciens Etablissements D'Ieteren Frères, a new company name that was to continue the work carried out in the rue du Mail</i>
<b>1928</b>	<i>65% of the production was intended for markets abroad (United States, Argentina, Egypt, Netherlands, Spain &amp; Portugal)</i>
<b>1929</b>	<i>On the eve of the Stock Market crash of 1929, the D'Ieteren company was employing nearly 500 workers and manufacturing 400 cars a year</i>
<b>1931</b>	<i>From this year on, the coachbuilding operations are gradually wound down. From then on, the Anciens Etablissements D'Ieteren Frères focus on importing American Studebaker, Pierce-Arrow and Auburn motor cars</i>
<b>1935</b>	<i>The business goes into the assembly of Studebakers. This activity was to be one of the firm's specialties for 35 years</i>
<b>1948</b>	<i>Pierre D'Ieteren concludes an importing contract with Volkswagen. A few months later, the famous Beetle was launched in Belgium. A new assembly factory was built in the Brussels suburbs, in Forest. The first Studebaker rolled off the line there in April 1949</i>
<b>1950</b>	<i>D'Ieteren becomes the exclusive importer for Porsche</i>

### *Diversification in line with the core activity*

When the crisis triggered by the Wall Street stock market crash of October 1929 affected all of Europe, another major decision will be taken. The crisis is being exported from one country to another. The Belgian car industry is being swept away, hit by price increases and a reduction in the number of buyers. The Belgian bodywork industry begins to decline, suffering the massive influx of better quality foreign complete cars on the Belgian market, depriving bodybuilders of a large part of their customers and outlets. The trade becomes less and less profitable and there is a shortage of specialized labor. The unenviable situation of the sector, combined with the effects of the international stock market crisis, is affecting D'Ieteren's results for the first time. From 1931 onwards, Lucien D'Ieteren decided consciously to give up the manufacture of the luxury bodywork that had made his company's reputation, and to move on to a fourth business: the import, distribution and repair of cars and trucks, which the company began to do by obtaining the general representation for Belgium for Studebaker, Pierce-Arrow, Auburn and Rockne vehicles. This was seen as an answer to compensate for the decline in exports, and is

considered as one of the most difficult and important decisions the D'Ieteren family has made in order to survive. The fact that Albert, Lucien's brother who started his own bodywork company from 1919 on, and his successor, were not able to make survive their company after the 1960s, shows that Lucien made a very important choice in that time. While one brother adapted its company and managed to survive, the other one made the choice to stick to the old business of the manufacturing of bodywork and was finally obliged to close his business during the '60s. However, the first half of the 1930s was one of the most difficult years for the company. It had to resolve to distribute no dividends between 1930 and 1935.

After the Second World War, Pierre – son of Lucien – will make some paramount decisions for the company's future. Pierre is a visionary entrepreneur and a man of decisions. Very quickly, he will seek to develop his business. This industrialist at heart has the intuition that the automobile sector was entering a new age and that other modes of mobility would impose themselves and spread. He sought to represent a brand that would be widely distributed and find its way to the broader public. Finally, in 1948, he concluded an agreement with Volkswagen. This decision was not at all without risk, but will turn out to be worth it. The significant increase in activity forced the company to make new arrangements for its premises. To carry out the program established to this effect, the company buys in Forest – a Brussels commune - , a plot adjacent to the railway on which it builds a factory intended for the assembly of Studebaker vehicles, initially. In 1952, the Belgian government resolved to oblige importers of motor vehicles to assemble them in Belgium. As a result of these decisions, the Forest plant prepared for the assembly of Volkswagen vehicles, which started in 1954.

Innovation however did not stop after these decisions. In 1956, D'Ieteren launches out into short-term car hire. D'Ieteren starts renting vehicles on a short term basis under the name "Dit'Rent-a-Car". The market is then embryonic, but Pierre D'Ieteren concludes an agreement with the Belgian railways: the *Coccinelle* cars will be available for rent in the main stations of the country under the name "*Train + Auto*". In 1958, Dit'Rent-a-Car concluded a partnership agreement with Avis. It was a major step towards diversification of the company, but also towards internationalization.

Table 3 D'Ieteren's history: an overview of the second half of the 20th century

<b>1954</b>	<i>The assembly of the Beetle begins in Forest</i>
<b>1956</b>	<i>D'Ieteren launches itself into short-term car hire. A contract was concluded with the Belgian railways: Beetles would be available for hire in the country's main railway stations</i>
<b>1958</b>	<i>Dit'Rent-a-Car, the hire division of D'Ieteren, concludes a partnership agreement with Avis</i>
<b>1972</b>	<i>Pierre's son, Roland D'Ieteren, becomes associate director of the company, which changes its former designation to that of s.a. D'Ieteren n.v. in 1975</i>
<b>1974</b>	<i>The company obtains the license to import the Audi, and launches the VW Golf, which went on to be Volkswagen's top-selling car</i>
<b>1975</b>	<i>Roland D'Ieteren succeeds his father. Over the next decade, the import of Yamaha motorbikes (1975), MBK mopeds (1984) and the motor car Seat (1984) take place</i>
<b>1989</b>	<i>Following a long period of partnership, D'Ieteren becomes the majority shareholder of Avis Europe</i>
<b>2011</b>	<i>D'Ieteren withdraws from short-term car hire, selling its 59,6% stake in Avis Europe to the Avis Budget Group, bringing 55 years of activity in this sector to an end</i>
<b>1999</b>	<i>In 1999, 2000, 2001 and 2006 D'Ieteren becomes in turn importer of Skoda, Bentley, Lamborghini and Bugatti, all part of the Volkswagen group</i>
<b>1999</b>	<i>D'Ieteren acquires Belron, world leader in vehicle glass repairs and replacement</i>
<b>2005</b>	<i>Breaking with a two hundred year-old tradition of family directors, Jean-Pierre Bizet was appointed General Manager and CEO of the Group</i>
<b>2013</b>	<i>Axel Miller succeeds Jean-Pierre Bizet as General Manager and CEO of the group.</i>
<b>2014</b>	<i>Nicolas D'Ieteren and his cousin Olivier Périer become vice-chairmen of the Board of Directors</i>
<b>2016</b>	<i>Acquisition of Moleskine, an Italian company best known for its notebooks</i>
<b>2017</b>	<i>Nicolas D'Ieteren (7<sup>th</sup> generation) becomes Chairman of the Board of Directors</i>
<b>2017</b>	<i>D'Ieteren sells a part of Belron, but keeps majority<sup>12</sup></i>
<b>2019</b>	<i>Francis Deprez becomes the new CEO of D'Ieteren</i>

#### *Internationalization with respect for the roots*

D'Ieteren's internationalization comes rather late, but is considered as one of the most important realizations that have been carried out during the leadership of the family's sixth generation. In January 1975, Pierre's son Roland takes over the company. Roland has been well prepared and his passion for cars is all-consuming. But the world is in crisis and Western

<sup>12</sup> Article *De Tijd*, <https://www.tijd.be/ondernemen/auto/d-ieteren-casht-ruim-1-miljard-euro-op-carglass/9954755.html> (consulted 12th of February 2020)

societies are wondering about the future of the automobile. In the meantime, Audi has joined the portfolio of brands represented and there's plenty of room for another best-seller: the Golf. The eighties will show the same pattern as the previous decades: a world in turmoil, none of the vicissitudes of which seem to disrupt the development of what has become a prosperous commercial and financial group, and a laboratory of the most modern management methods. More than ever, the company is seeking to grow. In 1989, it took a decision that would change its destiny and definitively mark the direction of D'Ieteren: the acquisition of a stake in Avis Europe. Not only the takeover of Avis Europe, but also the acquisition of Belron in 1999 testify to the willingness of the family shareholders to pursue the company's development by relying on its automotive experience. With Roland, the company will definitively establish itself on the international scene while masterfully diversifying its activities. These were clear examples of internationalization with respect for the roots, and diversification in line with the core activity.

In 2011, D'Ieteren withdrew from short-term car hire, selling its 59,6 % stake in Avis Europe to the Avis Budget Group, bringing 55 years of activity in this sector to an end. In 2015, the D'Ieteren Group – which has made a turnover of 5,5 billion euros, has a presence on five continents, in 34 countries. It employs some 28.360 people. In 2016, D'Ieteren announced the acquisition of Moleskine, an Italian company listed on the stock exchange and best known for its notebooks. Remarkably, this sector hardly has anything to do with the traditional activities. Currently, D'Ieteren is still looking for an additional activity to invest in. "It is always more stable to stand on three legs than on two," says Roland D'Ieteren. "In earlier times we have always tried to keep as much of the profits as possible within the company itself," showing a rather conservative financial policy in earlier decades. "But back in time, this concerned much smaller profits. Later on, they grew into much more interesting profits. This enabled us to conclude important agreements with several partners. And nowadays we are living at an important tipping point with a lot of evolutions, such as the growing importance of the electric car. So we are currently looking for the right track for the future." In a newspaper article from June 2019 it seemed that D'Ieteren is looking for another activity to invest in, but that the company will not spend its money on literally anything. To underscore this argument, D'Ieteren referred to the fact that it is a family business, and therefore pays close attention to what it gives its money to. "We are a family business. We don't spend our money on just anything, but only on a company we believe in," it sounded.<sup>13</sup>

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<sup>13</sup> Article *De Tijd*, <https://www.tijd.be/ondernemen/auto/d-ieteren-heeft-1-miljard-veil-voor-een-grote-europese-prooi/10134108> (consulted 19th of January 2020).

## *Innovation*

In the domain of the distribution of cars, D'Ieteren has also been at the forefront of innovation. They developed a number of ideas that were subsequently adopted by Volkswagen or other brands. One example is the creation of a "Contact Center" in 1986 in Erps-Kwerps. This idea was brand new at the time. It is a place where all potential customers can visit and where they can see all the vehicles in the range, and where they can also test the vehicles. This showroom, where not only all the vehicles were present, but where they could also test all the vehicles, was very innovative and was subsequently copied by different car distributors in various places around the world. The example of the Contact Center is believed to be one of the reasons – among others – why the D'Ieteren Group is strongly appreciated by for instance Volkswagen. "We do not only distribute their cars, but also generate new ideas for them," says Roland D'Ieteren.

Today the D'Ieteren Group is very active and looking for new opportunities in everything related to mobility, whether it is 'new mobility' or mobility of the future. Although lots of companies in this sector, like for instance some car sharing companies, are still rather loss-making, the D'Ieteren company has decided to invest in this sector to test which initiatives could be worth the investment, and to follow closely how this sector is developing. Therefore, the company has recently set up a small department with mostly young people with new ideas about this sector: D'Ieteren Mobility. Among others, they launched themselves into the car sharing and free-floating industry by means of Poppy. Poppy is a start-up in the car sharing sector which is the result of a corporate venture between two Antwerp-based entrepreneurs and D'Ieteren Auto.

## B. OWNERSHIP

Ownership characteristics and the possible influence these have on strategies of innovation and strategic vision, constitute another factor aiming to explain longevity in family businesses. Family firms are often criticized for acting too conservatively and for the fact that this type of ownership would not allow for innovative practices or quick technological change.<sup>14</sup> Related to this problem is the issue of the transfer of control over the family across generations. Other scholars underscore the importance of family continuity as a goal (more important than profit size), the urge for simplicity in the family tree and psychological ownership as important factors

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<sup>14</sup> Colli (A.) & Larsson (M.), "Family Business and Business History: An Example of Comparative Research", *Business History*, 2014, 56 (1), pp. 37-53.

for the longevity of family business. Some of these aspects can clearly be retrieved throughout D'Ieteren's history.

Today, the seventh generation within the D'Ieteren family is at the head of the company (see table 1). Succession within the D'Ieteren family has never really constituted a problem, since there was always a direct male line available. "It's always been very pure and simple by nature," says Roland D'Ieteren. "At this moment we have parallel families in the general assembly, namely me and my sister. My son and her son will be the rightful heirs."

Table 4 The seven generations of the D'Ieteren company

*Seven generations*

1805	Jean-Joseph D'Ieteren
1832	Alexandre D'Ieteren
1878	Emile & Alfred D'Ieteren
1921	Lucien D'Ieteren
1945	Pierre D'Ieteren
1975	Roland D'Ieteren
2017	Nicolas D'Ieteren

In the past, too, the D'Ieteren family has always been lucky concerning succession issues. Even when Emile and Alfred were together at the head of the company, it accidentally turned out that only one of them – Alfred in this case – would get married and have children. As such, the family tree was clipped automatically and it resolved all possible problems concerning succession after Alfred's and Emile's death. Lucien himself had a brother, Albert. Although both brothers used to work for some time together, Albert decided to start his individual company – separate from his brother – after a disagreement. As a result, the original D'Ieteren company remained in the hands of Lucien, who finally passed it on to his son Pierre. Nowadays, there are barely four family shareholders: Nicolas and his father Roland D'Ieteren, and Olivier Périer and his mother Catheline D'Ieteren, Roland's sister. Roland and Catheline both have only one child. Nicolas and his father together own 31,99 percent of the shares. Catheline D'Ieteren and her son together

own 25,5 percent of the shares. 40,4 percent of D'Ieteren's shares are listed on Euronext Brussels. 1.93 percent is directly held by family members.<sup>15</sup>

According to researchers, a typical family business aspires to a long-term existence for the company, rather than the order of magnitude of profit. Owner families are said to be concerned not only about financial returns, but also and above all about their socio-affective capacities, which are in turn linked to long-term focus and the willingness to give society and the next generation an improved form of the enterprise. This clearly applies to the D'Ieteren company, too, which has always been sparse with and reserved about giving information about dividends with the aim to keep as much as possible within the company in order to reinvest. More than profit, the survival and longevity of the company have always been the most important priority. Roland D'Ieteren admits that this specific perspective on the future is nowadays not always popular. "It has gotten a bit out of fashion since the Stock Exchange wants quarterly results, but we think in the longer term. We think in terms of 5 to 10 years. With our family business we want to create a vision for the next generation. That is something we got from our predecessors: the value for family and for the company."

#### *Psychological ownership*

This also results in strong ties between the employees and the company, says Roland D'Ieteren. A factor that proved to be very important for the company, and which started long time ago, is the strong link between the company and the people working for it. The people working for the organization have always showed the wish and the urge to develop the company, which creates a positive work atmosphere. Employees of the D'Ieteren Group don't work for an anonymous company, but they know they work for mr. D'Ieteren, which is different, says Roland D'Ieteren.

This strong emotional connection to the company sometimes resulted in the fact that even among some directors, there was a form of dynasty in which the sons took over from their fathers, or in other situations where family and external managers were strongly intertwined. When the new company was formed in 1919, one of the directors, Edmond Odry, and one of the auditors, Eugène Van Meerbeke, were closely related to the D'Ieteren family. Eugène Van Meerbeke had married Anna Julie Gérard, sister of Gabrielle Gérard who was the wife of Lucien D'Ieteren. As for Edmond Odry, he knew both Gabrielle Gérard and Eugène Van Meerbeke, having organized with them, during the war, a correspondence service between occupied

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<sup>15</sup> Article *Trends*, [https://trends.knack.be/economie/bedrijven/de-generatiewissel-bij-d-ieteren-4-familietelgen-en-1-miljard-om-te-investeren/article-longread-1505249.html?cookie\\_check=1581527866](https://trends.knack.be/economie/bedrijven/de-generatiewissel-bij-d-ieteren-4-familietelgen-en-1-miljard-om-te-investeren/article-longread-1505249.html?cookie_check=1581527866) (consulted 12<sup>th</sup> of February 2020).



Belgium and the Belgian front. Another example of this strong connection can be found during later years. Under the governance of Pierre D'Ieteren, then his son Roland, it was Jean-Louis and then his son Gilbert van Marcke de Lummen who both held important positions as directors.

### C. FAMILY

The focus on values has a direct link with the third aspect in the three circle model, namely 'Family'. A third area related to the survival of family firms is indeed constituted by the family itself and, among others, the cohesion within these families and/or family businesses. When large family firms have gone through long phases of growth, it is not exceptional that ownership and control over the company are shared across various members of the family. As a consequence, different strategic visions and interests might cause problems within the family. There are numerous examples of family firms splitting up because of differences in opinion on how to run the company.<sup>16</sup> One of the 'best practices' that repeatedly recurs in the literature is therefore the emphasis on family unity, culture, values, shared vision and mission, in combination with family meetings and independent boards of directors. The latter ones are considered to be the pillars of family business communication.<sup>17</sup> Other scholars underscore the importance of making timely arrangements within the family and dealing with the success of an individual family member. Several of these aspects apply to the D'Ieteren company.

#### *Dealing with the success of an individual family member*

During the nineteenth century, it was not unusual that one brother in a way 'sacrificed' himself to be of help for the other brother, and it seemed this also holds true for the D'Ieteren brothers of the second generation, company historian dr. Rommelaere believes. When Jean Joseph D'Ieteren died in 1831, his eldest son Guillaume first took over the workshop in the *Rue du Marais*, while his younger brother got the opportunity to follow courses in Paris. Eventually, it was Alexandre who took over the business, supported by his brother Guillaume. It is a good example of how family unity was being preserved, and how family members were able to deal with the success of another family member.

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<sup>16</sup> Colli (A.) & Larsson (M.), "Family Business and Business History: An Example of Comparative Research", *Business History*, 2014, 56 (1), pp. 37-53.

<sup>17</sup> Dana (L.E.) & Smyrnios (K.X.) "Family business best practices: Where from and where to?", *Journal of Family Business Strategy*, 2010, 1, pp. 40-53.

Less proof of family unity was visible when a disagreement came up between the D'Ieteren brothers Lucien and Albert. Fortunately, Albert took the decision to erect his own company, not inflicting harm onto the original D'Ieteren company by splitting it up or by causing extra conflicts within the family. Eventually, Albert's son Daniel had to close his own company after several years, as stated before.

According to Roland D'Ieteren, it is important for a company to realise that nothing is permanent, and one should always fight for its success. "It is as such important to stay humble."

#### *Relation between non-family members and family members in the company*

A proactive practice in long-established family businesses is to hire external managers. The timely recovery of external or non-family managers is considered to be the ultimate sign of the family's willingness to put aside their ego in the company's interest. The D'Ieteren Group has always hired external employees, some of them at high levels, but only in 2005 they decided to appoint an external director. Indeed, the D'Ieteren group broke with a two hundred year-old tradition of family directors for the first time in 2005, when Roland D'Ieteren appointed Jean-Pierre Bizet as the General Manager and CEO of the Group. Since this moment, the company decided that they wanted an independent CEO. "This decision was also made during a time and context in which the demand for more transparency was formulated," says Roland D'Ieteren. In this time, the Code Lippens – which formulates corporate governance guidelines – was born. The Code saw a separation between the roles of chairman of the board of directors and CEO. Before, the leadership had always been in hands of the family, but taking into account that only one member of the family could be part of the active directorate of the company. This is part of an unwritten rule that already exists since long time. Today the company has a directorate which does not consist out of family members, but the family – which consists of Nicolas D'Ieteren and his cousin Olivier Périer - is present in the board and some important committees. They are the only family members on the board of directors, although there are also several advisors for the family.

#### *Values and shared mission*

Throughout the D'Ieteren company's history, values have always played a pivotal role. During the nineteenth century, the family was regularly described as being "intellectual", and was being

praised for standing close to its employees and others. Their morality was also seen as an important part of their product, as the family opened its own coachbuilding school during the nineteenth century and formed part of an important network. When Lucien was at the head of the company, the family increasingly entered networks that functioned as strong lobby groups for the automobile sector. His son Pierre was known for standing very close to his employees. He was very much present on the shop floor and thought the value of being close to his employees very important. In this period, celebrations of employees' birthdays took a start, too.

According to Roland D'Ieteren, the D'Ieteren family has always been very supportive towards the company, and the family has always been ready to grant full support to the company, creating the ideal circumstances for the company to survive successfully. The fact that the family ownership has barely been fragmented, has contributed to the family harmony.

## **7. Conclusion: The D'Ieteren company on the tides of history**

The D'Ieteren company is over 200 years old, and that has only been possible thanks to a series of talented entrepreneurs and a family that has always supported the company. Both the company and the family have demonstrated innovation, resilience and daring throughout history. Changing social dynamics meant that the company regularly had to change tack. D'Ieteren has always successfully adapted, without renouncing its own history or traditions. Strong values played an important role in this. But despite the fact that D'Ieteren could count on very gifted entrepreneurs who had a strong feeling with their company and with society, they obviously could not predict the future, and were helped here and there by fate. For example, it was positive for the company that there was always a male successor available, and that the family structure was almost always clipped naturally. As a result, throughout its history D'Ieteren has not suffered from very complicated family structures, or internal conflicts. Decisions made by the government - for example, when it was encouraged to import pieces - sometimes turned out to be very positive for the company. The biggest decisions in the company's history were therefore a combination of visionary craftsmanship on the one hand, and a society that happened to be developing in the right direction on the other hand. Decisions such as betting on the car instead of the horse-drawn carriages, choices such as betting on the import of pieces and no longer on the construction of cars, or a decision to diversify and internationalize the activities: they demonstrate not only a perfect sense of the social developments in society, but also the knowledge of traditions and strengths on which D'Ieteren has been built over the years.

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