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## BUSINESS

# An 8th gen family company, fine wines, and putting business first



By [James Williams](#) 28th November 2023

Families need to put their businesses first if they want to sustain their unity and prosper, according to Serge de Ganay of Bemberg Group, now in the hands of an eighth generation and renowned for some of the finest wines in Argentina.

De Ganay is currently executive chairman of Calista Direct Investors, an independent PE/VC advisory and co-investment firm dedicated to private investors and single family offices. He believes good governance is a way to ensure that business objectivity overrides family subjectivity. It is something that de Ganay, who up until 2021 was chairman of Bemberg Group and its family

council, has spent much time addressing. The result was a 20-page governance charter that focused first and foremost on business performance.

**There is a word in Argentina, ‘pertinencia’, which means ‘belonging’,” says de Ganay. “Do you feel part of the business or not? Is the decision-making process fair? Is the board representation process fair? If someone in the family wants to exit, what is the process? These are the types of questions to deal with when elaborating the governance charter**

“We are entering the eighth generation of the family and have gone through many different steps in our growth over the last 125 years,” says de Ganay. “The governance question was becoming critical in our case. Firstly, there was a democratic challenge, with more family members sitting around the table. Secondly, the next generation had to be put into place. Thirdly, we were pursuing business diversification in industry and finance.”

The key to good governance, he says, is making sure it secures the business. Only once that is done properly should you move to the second aspect: family unity. This is the two- two-dimensional Bemberg model; performance and unity.

“When you use the phrase family business, the keyword is ‘business’, not family. Think about governance as the instrument that is best able to support the business; if the business is doing well, the family will be too,” says de Ganay.

Echoes of his consulting expertise are immediately obvious during the conversation. He spent 20 years developing the tools and conviction on how to process and organise the management of change at corporate adviser Group G, which he founded, managed and sold in 2000.

Before developing the Bemberg governance model, de Ganay met with numerous industry professionals and other family offices and concluded that there is no such thing as one best way.

“You need to develop an individual, personalised approach for each family.

“In my view, the governance process should preferably be produced internally and done with the next generation’s involvement.

### **Serge de Ganay**

“The first screen for any good governance process is, ‘Is it good for the business?’ If the answer is Yes, then you focus on the second aspect, family unity; for example, how do family members join boards? How do they set up an exit strategy? Do you want family members to become hands-on executives or to be hands-off and look for world-class external managers?” explains de Ganay.

Otto Bemberg moved from Westphalia to Argentina at the end of the 19th Century, where he established Quilmes; the largest brewery in the country. In the 1970s, the Bemberg Group started a new growth strategy to diversify geographically – principally the United States – and move away from industry to finance, establishing the private equity group Quilvest Capital Partners.

The family also expanded from the beer business to the wine business. It has business interests in Argentina (Penaflor) and the United States, where it recently acquired a business in California.

“Group Penaflor is one of the largest wine producers in Argentina. We are the 8th largest winemaker in the world, and we hope to become one of the top five. The Bembergs also have an intensive financial activity with Quilvest and Bemberg Capital and strategic industrial participation. In the past, we were heavily involved in Biotech in the States, and today, we still hold an important participation in a food chain discounter in Mexico,” says de Ganay.

These business interests are pursued with a commitment to remaining true to the entrepreneurial spirit of Otto Bemberg, with the family’s governance charter effectively acting as its North Star.

One of the reasons intergenerational wealth erodes – normally by the third generation – is because families start to lose their priorities, they become more disconnected from the business, and they fail to put proper governance in place.

“There is a word in Argentina, ‘pertinencia’, which means ‘belonging’,” says de Ganay. “Do you feel part of the business or not? Is the decision-making process fair? Is the board representation process fair? If someone in the family wants to exit, what is the process? These are the types of questions to deal with when elaborating the governance charter. It took us two years to put it together with all the different family members.”

Before this, there was no pre-existing charter, with de Ganay describing it as more of an open culture.

The challenge of maintaining family unity within a governance context is determining the appropriate rules. According to de Ganay, at least nine or ten critical issues need to be addressed, each of which can create its own set of challenges.

For example, one of these critical issues is to give people the chance to leave the family business if they wish.

“The door should always remain open,” says de Ganay. “We worked on the concept of the exit strategy in our governance charter, which details the process of someone leaving, the formula for calculating the value of their assets, and who they can sell to: immediate relatives (mother, sister), then cousins, etc.”

This is, in part, reverse psychology. “Nobody in the family has chosen to exit,” he adds. Another critical issue is the concept of ‘hands-on hands-off’.

“The people we have within the family are generally very competent and they can do a good job as board members or as chairman but not as executive CEOs. However, there is always an exception to any rule, and we have recently appointed family members as CEOs because they have extensive managerial skills,” de Ganay confirms.

One of those is Bemberg family member Adrien de Boisanger, the current CEO of Quilvest Capital Partners. A third critical issue de Ganay refers to is whether the decision-making process within the family is correct.

“When and on what basis are we taking any decisions? Is the system transparent and inclusive for the younger generation? “There are good practices and basic ‘do’s and don’ts, but, in the end, each family has to find its own rules, and it owns governance”, he concludes.

Business first. Family second. A simple governance formula but perhaps an effective one in today’s uncertain world.

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