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**UNIVERSITÄT
BERN**

Institut für Finanzmanagement

Conference on Corporate Governance in Family/Unlisted Firms

June 15 – 17, 2006

Congress Hotel Seepark Thun (Switzerland)

www.familyfirms.ch



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SWISS NATIONAL SCIENCE FOUNDATION



Impressum

This conference is hosted by:

Institut für Finanzmanagement
Universität Bern
Engehaldenstrasse 4
CH- 3012 Bern
Tel: + 41 (0)31 631 3775
<http://www.ifm.unibe.ch>

Conference Chair:
Prof. Dr. Claudio Loderer

Conference Organization:
Urs Wälchli
(urs.waelchli@ifm.unibe.ch)

Karin Zürcher
(karin.zuercher@ifm.unibe.ch)

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Program – At a Glance

Pre-conference Program: Wednesday, June 14	
08:30 – 17:00	Doctoral Seminar: Current Issues in European Corporate Governance Conducted by: Marco Becht (Université Libre de Bruxelles and ECGI)
19:00 – 20:00	Welcome Reception (Foyer, Hotel Seepark Thun)

Thursday, June 15	
08:30 – 12:00	Session 1: The Performance of Family Firms Keynote Address: Belén Villalonga (Harvard Business School)
12:00 – 14:00	Lunch Break
14:00 – 17:30	Session 2: Minority Protection Keynote Address: Julian Franks (London Business School)
19:00 – 22:00	Boat Trip and Dinner on Lake Thun

Friday, June 16	
08:30 – 12:00	Session 3: Corporate Governance in Family/Unlisted Firms Keynote Address: Marco Becht (Université Libre de Bruxelles and ECGI)
12:00 – 14:00	Lunch Break
14:00 – 17:30	Roundtable Discussion: Family Firms – Answering the Challenges <ul style="list-style-type: none"> – Mathias Margreiter (Daniel Swarovski Corporation) – Heinz-Peter Elstrodt (McKinsey & Company) – Karl Spielberger (UBS AG) – Peter Nobel (Universität St. Gallen and Nobel & Hug Attorneys at Law) – Kurt Schiltknecht (BZ Group and Universität Basel) – Rudolf Stämpfli (Stämpfli AG and Confederation of Swiss Employers) Conducted by Christoph Kaserer (TU München)
19:00 – 22:00	Conference Dinner (Hotel Seepark Thun)

Saturday, June 17	
08:30 – 12:00	Session 4: Financing New Ventures and the Decision to Go Public Keynote Address: John J. McConnell (Purdue University)
12:00 – 14:00	Farewell Lunch

Session 1: The Performance of Family Firms		08:30 – 12:00
Keynote: (08:30)	Belén Villalonga (Harvard Business School) <i>«How Do Family Ownership, Control, and Management Affect Firm Value?»</i>	
Paper 1: (09:00)	The Effect of Family Control on Firm Value and Performance: Evidence From Europe Roberto Barontini (Sant'Anna School of Advanced Studies) and Lorenzo Caprio* (Università Cattolica del Sacro Cuore)	
Paper 2: (09:30)	Performance and Behavior of Family Firms: Evidence From the French Stock Market David Sraer (CREST and GREMAQ) and David Thesmar* (ENSAE and CEPR)	
(10:00)	Coffee Break	
Paper 3: (10:30)	Stock Market Performance of Family Firms Marcel Corstjens* (INSEAD), Katrina Maxwell (INSEAD), Urs Peyer (INSEAD), and Ludo Van der Heyden (INSEAD)	
Paper 4: (11:00)	The Causal Effect of Board Size in the Performance of Small and Medium-Sized Firms Morten Bennedsen (Copenhagen Business School and CEBR), Hans Christian Kongsted (Copenhagen Business School), and Kasper Nielsen* (Copenhagen Business School and CEBR)	
(11:30)	Closing Remarks and Discussion	

Session 2: Minority Protection		14:00 – 17:30
Keynote: (14:00)	Julian Franks (London Business School) <i>«Spending Less Time with the Family: The Decline of Family Ownership in the UK»</i>	
Paper 1: (14:30)	Bankruptcy, Creditor Protection and Debt Contracts Stefano Rossi* (Stockholm School of Economics) and Nicola Gennaioli (Stockholm School of Economics)	
Paper 2: (15:00)	External Governance and Debt Agency Costs of Family Firms Andrew Ellul* (Kelley School of Business, Indiana University), Levent Guntay (Kelley School of Business, Indiana University), and Ugur Lel (Board of Governors, Federal Reserve System)	
(15:30)	Coffee Break	
Paper 3: (16:00)	Protecting Minority Investors: Listed vs. Unlisted Firms Claudio Loderer* (Universität Bern) and Urs Wälchli (Universität Bern)	
Paper 4: (16:30)	Benefits and Costs of Control-Enhancing Mechanisms in U.S. Family Firms Raffi Amit* (The Wharton School, University of Pennsylvania) and Belén Villalonga (Harvard Business School)	
(17:00)	Closing Remarks and Discussion	

Session 3: Corporate Governance in Family/Unlisted Firms	
Keynote: (08 :30)	Marco Becht (Université Libre de Bruxelles and ECGI) <i>«Shareholder Activism in the UK»</i>
Paper 1 (09:00)	Succession and Corporate Governance in Family Firms Marco Pagano* (Università di Napoli Federico II, CSEF, CEPR, and ECGI) and Fausto Panunzi (Bocconi University and CEPR)
Paper 2 (09:30)	Firm Performance, Entrenchment and CEO Succession in Family-Managed Firms David Hillier* (Leeds University Business School) and Patrick McColgan (Aberdeen University Business School)
(10:00)	Coffee Break
Paper 3 (10:30)	Inside the Family Firm: The Role of Families in Succession Decisions and Performance Morten Bennedsen* (Copenhagen Business School and CEBR), Kasper Nielsen (University of Copenhagen and CEBR), Francisco Pérez-González (Columbia University), and Daniel Wolfenzon (New York University and NBER)
Paper 4 (11:00)	What Can we Learn from Small Firms about Executive Compensation? Rebel Cole* (DePaul University) and Hamid Mehran (Federal Reserve Bank of New York)
(11:30)	Closing Remarks and Discussion

Roundtable Discussion: Family Firms – Answering the Challenges	
(14:00)	Claudio Loderer (Universität Bern) and Christoph Kaserer (TU München) Welcome Address and Presentation of the Distinguished Guests
(14:15)	Short Presentations by the Distinguished Guests <ul style="list-style-type: none"> – Mathias Margreiter (Daniel Swarovski Corporation) <i>«The Role of the Family at Swarovski»</i> – Heinz-Peter Elstrodt (McKinsey & Company) <i>«Keeping the Family In Business: Critical Factors for Success»</i> – Karl Spielberger (UBS AG) <i>«Family Firms: A Banker's Thoughts»</i> – Peter Nobel (Universität St. Gallen and Nobel & Hug Attorneys at Law) <i>«Best Practice in Family Firms»</i> – Kurt Schiltknecht (BZ Group and Universität Basel) <i>«Family Firms: An Investor's Point of View»</i> – Rudolf Stämpfli (Stämpfli AG and Confederation of Swiss Employers) <i>«The Future of Family Firms: Tradition vs. Competition»</i>
(16:30)	Roundtable Discussion: Conducted by Christoph Kaserer (TU München) <i>(Followed by refreshments in the Foyer of Hotel Seepark)</i>

Saturday, June 17, Auditorium Genève

Session 4: Financing New Ventures and the Decision to Go Public	
Keynote: (08:30)	John J. McConnell (Purdue University) <i>‘Corporate Governance and Going Public: Entrepreneurs v. The Establishment’</i>
Paper 1: (09:00)	Favoritism or Markets in Capital Allocation? Mariassunta Giannetti* (Stockholm School of Economics, CEPR, and ECGI) and Xiaoyun Yu (Kelley School of Business, Indiana University)
Paper 2: (09:30)	Dual-Class IPOs, Share Recapitalizations, and Unifications: A Theoretical Analysis Thomas Chemmanur* (Boston College) and Yawen Jiao (Boston College)
(10:00)	Coffee Break
Paper 3: (10:30)	The Going Public Decision and the Product Market Thomas Chemmanur (Boston College), Shan He (Boston College), and Debarshi Nandy* (York University)
Paper 4: (11:00)	Shareholder Diversification and the Decision to Go Public Andriy Bodnaruk (Maastricht University), Eugene Kandel (Hebrew University), Massimo Massa (INSEAD), and Andrei Simonov* (Stockholm School of Economics)
(11:30)	Closing Remarks and Discussion

* presenting author

Social Activities

Welcome Reception	Wednesday, June 14
Starting at 7 pm in the Foyer of Congress Hotel Seepark Thun.	

Boat Trip and Dinner on Lake Thun	Thursday, June 15
On Thursday evening, we will leave Hotel Seepark for a boat trip on Lake Thun. While having dinner on deck, we will enjoy the impressive scenery of the Bernese Oberland.	
<u>Meeting Point:</u> In front of Congress Hotel Seepark Thun at 7 pm or directly at the harbor of Thun at 7:15 pm .	
<u>On Board:</u> While heading out of the harbor of Thun, refreshments will be served on the upper deck of ‘MS Niederhorn’. We will be cruising on Lake Thun for approximately 3 hours and enjoy a light buffet dinner. We expect to be back at Hotel Seepark at around 11 pm.	

Conference Dinner	Friday, June 16
The Conference Dinner will start at 7.30 pm in the Foyer of Hotel Seepark.	

Keynote Speakers

Marco Becht (Université Libre de Bruxelles and ECGI)

Marco Becht is Professor of Finance and Economics at Université Libre de Bruxelles (ULB), a Resident Fellow at the European Center for Advanced Research in Economics and Statistics (ECARES) at ULB and the Executive Director of the European Corporate Governance Institute (ECGI). He teaches at the ULB and was Visiting Professor at the Saïd Business School (University of Oxford) in 2003. Among his various publications is the literature survey on 'Corporate Governance and Control', prepared for the Handbook of the Economics of Finance (together with Patrick Bolton and Ailsa Roëll).



He has given expert briefings on corporate governance to the Group of Economic Analysis of the President of the European Commission, the senior management of Alcatel, the clients of Hermes Pension Management Ltd., the Euro 50 Group, the Italian Securities Regulator (CONSOB), the OECD, the World Bank and the German Corporate Governance Roundtable, among others.

Julian Franks (London Business School)

Julian Franks is Professor of Finance and former Director of the Institute of Finance and Accounting at London Business School. He is widely published and his research focuses on bankruptcy and financial distress, corporate ownership and control, cost of capital and regulation. Recently, his work on ownership and control (with Colin Mayer and Stefano Rossi) has won two international prizes. He is Associate Editor of five finance journals, a member of various advisory boards and consults widely.



He served as a member of the DTI-Treasury committee and was a member of one of The Company Law Review's committees on corporate governance. He is an advisor to both Ofcom and BAA and is on a committee of experts advising the education minister on a PFI investment program for schools. He was an expert witness for the UK government at The World Court at The Hague. He is a non-executive director of OXERA and is on the international advisory board of Stern Stewart. He has been Visiting Professor at the University of California at both Berkeley and Los Angeles.

John J. McConnell (Purdue University)

John J. McConnell is the E. T. Weiler Distinguished Professor of Management (Finance) at the Krannert School of Management at Purdue University. He has published over 75 articles that have appeared in leading finance, economics and management journals. He received special recognition for his scholarship as the Distinguished Scholar of the Eastern Finance Association (2002). He has served as a member of the Boards of Directors of the Federal Home Loan Bank of Indianapolis, the American Finance Association, Harrington Bank FSB. He currently serves as a member of the Board of Directors of Los Padres Bank FSB.



He has served as a consultant to investment banks (including Merrill Lynch and Goldman Sachs), government agencies (including the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, and Department of Justice), and over 50 law firms throughout the U.S. on various aspects of financial markets and securities. He has served as associate editor for the *Journal of Finance*, *Financial Management*, the *AREUA*, and the *Journal of Real Estate Finance and Economics*. He is currently associate editor of the *Journal of Corporate Finance*, the *Journal of Financial and Quantitative Analysis*, the *Journal of Fixed Income*, and the *Pacific-Basin Finance Journal*.

Belén Villalonga (Harvard Business School)

Belén Villalonga is an Assistant Professor in the Finance Area at the Harvard Business School. She received her Ph.D. in Management and holds an M.A. in Economics from the University of California at Los Angeles. She also holds a Ph.D. in Business Economics from the Complutense University of Madrid. Before entering graduate school she was an instructor at the Complutense University of Madrid and worked as an intern at McKinsey & Co. in Paris.



Professor Villalonga's research interests are in empirical corporate finance, corporate governance, and strategy. Her current research focuses primarily on the effect of family ownership, control, and management on firm value. Her prior research on the diversification discount, on privatization, and on ownership structure and performance, has been published in leading academic journals.

Distinguished Guests for the Roundtable Discussion

Heinz-Peter Elstrodt (McKinsey & Company)

Heinz-Peter Elstrodt is the Office Manager for the Mercosur offices of McKinsey & Company, Inc. He joined the firm in 1983 in Dusseldorf, Germany. Since 1987, he has been part of the leadership team who established the Brazilian practice. He is leading a McKinsey's interest group on Family Owned Businesses (FOBs). Also, he has led strategic, operational and organizational programs in several industries in the region, most of them FOBs. He has extensively worked on corporate governance and corporate strategy issues for leading family owned businesses in Latin America, Europe, and Asia.



He holds a Ph.D. in Business Administration from the University of Augsburg and a degree in Business Administration and Industrial Engineering from the University of Karlsruhe. He is the author of several articles that were published in the *McKinsey Quarterly*.

Christoph Kaserer (TU München)

Christoph Kaserer is co-director of the Center for Entrepreneurial and Financial Studies (CEFS) and full professor of Finance at Technische Universität München (TUM). Since 2002 he is also head of the department for Financial Management and Capital Markets at TUM Business School. Christoph Kaserer published his research in leading international and German academic journals and he is the editor of the *Zeitschrift für Bankrecht und Bankwirtschaft*.



He is also active as an advisor of large private companies, private equity funds and public institutions. In particular, he worked as a consultant for the European Commission, the European Venture Capital Association (EVCA) as well as the Swiss Government. In joint projects with Deutsche Börse AG he created the IPO Sentiment Index as well as the German Entrepreneurial Index (GEX©). For the latter he was awarded the "Initiativpreis Stiftung Industrieforschung" in 2005.

Mathias Margreiter (Daniel Swarovski Corporation)

Mathias Margreiter is a member of the executive board of Daniel Swarovski Corporation and General Partner responsible for corporate controlling and mergers and acquisitions. Before joining Daniel Swarovski Corporation, he worked for McKinsey & Company in Munich and for Fleet Financial Group in Boston, MA. He studied international economics and business administration at the University of Innsbruck and holds a Master of Business Administration from Tuck School of Business at Dartmouth.



Peter Nobel (Universität St. Gallen and Nobel & Hug)

Peter Nobel is a Professor for Private, Trade and Commercial Law at the University of St. Gallen. He was a visiting scholar at the Lomonosov University of Moscow and at Columbia University School of Law in New York. He has published in various legal areas and is currently editor of the *Swiss Review of Business Law*. Nobel was admitted to the Zurich Bar in 1980. He is a founding partner of Nobel & Hug, where he is actively engaged in the field of business law for both Swiss and foreign clients.



For 17 years, he served as a part-time professional judge at the Superior Court and the Court of Commerce of the Canton of Zurich. He was also a member of the Swiss Federal Banking Commission (a governmental committee which supervises the banking industry, brokers and stock exchanges in Switzerland) between 1988 and 2000. He is frequently appointed as an arbitrator or mediator in both international and domestic arbitrations.

Kurt Schiltknecht (BZ Group and University of Basel)

Kurt Schiltknecht was chairman of the board of directors of Bank Leu in Zurich and president of Nordfinanz in Zurich before he joined BZ Group in 1990. Prior to that he worked for the Swiss National Bank, last as director in the national economics department. Kurt Schiltknecht is chairman of the board of directors of Intershop Holding AG and, among others, member of the boards of Patinex AG and BZ Trust Limited.

Since 1984 he has been associate professor at the University of Basel. Kurt Schiltknecht studied economics at the University of Zurich and worked at the Institute for Economic Research of the Swiss Federal Institute of Technology Zurich, at the Econometric Research Unit of OECD in Paris and at the Wharton School of Economics.



Karl Spielberger (UBS AG)

Karl Spielberger is head of Structured & Corporate Finance Switzerland of UBS. He holds an MBA degree from Texas A&M University and a doctorate from Universität St. Gallen. Before joining UBS in September 2004, he was a partner at PricewaterhouseCoopers, where he was substantially involved in building-up the Swiss Corporate Finance Practice. He is specialized on M&A-transactions, corporate restructurings and firm valuation. Mr. Spielberger is the author of several professional articles.



Rudolf Stämpfli (Stämpfli AG and Confederation of Swiss Employers)

Rudolf Stämpfli is chairman of the board of directors of Stämpfli AG, a Swiss publishing company. Stämpfli AG is a family firm in its 6th generation. He is also acting as president of the Confederation of Swiss Employers, the governing body of more than 70 regional and industrial associations. He is a member of the board of directors of various companies.

Mr. Stämpfli studied management and operations research at the Universities of Bern and the Stanford Graduate School of Business and he holds a doctorate from Universität St. Gallen.



List of Participants

Name	First	Title	Affiliation
Aeberhard	Daniel	Mr.	Universität Bern
Amit	Raffi	Prof.	The Wharton School, University of Pennsylvania
Barontini	Roberto	Prof.	Sant'Anna School of Advanced Studies
Becht	Marco	Prof.	Université Libre de Bruxelles and ECGI
Bennedsen	Mortensen	Prof.	Copenhagen Business School
Bettinelli	Cristina	Ms.	Università di Bergamo
Böckem	Sabine	Dr.	Universität Bern
Bohren	Oyvind	Prof.	Norwegian School of Management BI
Boissier	Vera	Ms.	Pictet & Cie
Caprio	Lorenzo	Prof.	Università Cattolica del Sacro Cuore
Chemmanur	Thomas	Prof.	Carroll School of Management, Boston College
Ciccone	Pierluigi	Mr.	Banca del Gottardo - SFAA
Cole	Rebel	Prof.	DePaul University
de Koning	Johan	Mr.	
Dickson	Michelle	Ms.	Leeds University Business School
Ellul	Andrew	Prof.	Kelley School of Business, Indiana University
Elstrodt	Heinz-Peter	Mr.	McKinsey & Company
Faff	Robert	Prof.	Monash University
Foschini	Daniele	Mr.	Università Cattolica del Sacro Cuore
Franks	Julian	Prof.	London Business School
Fündeling	Cord-Ulrich	Dr.	Universität Bern
Giannetti	Mariassunta	Prof.	Stockholm School of Economics
Goehl	Andreas	Mr.	Universität Stuttgart
Grünewald	Seraina	Ms.	Rochester-Bern Executive MBA Program
Habib	Michel	Prof.	Swiss Banking Institute, University of Zurich
Haefeli	Tobias	Mr.	Universität Bern
Hagmüller	Jürgen	Mr.	Universität Bern
Hillier	David	Prof.	Leeds University Business School
Jaskiewicz	Peter	Mr.	European Business School
Joerg	Petra	Dr.	Rochester-Bern Executive MBA Program

Name	First	Title	Affiliation
Kaserer	Christoph	Prof.	Technische Universität München
Keasey	Kevin	Prof.	Leeds University Business School
Kieser	Gabriela	Dr.	Kieser Training AG
Koerberle-Schmid	Alexander	Mr.	WHU - Otto Beisheim School of Management
Kühni	André	Mr.	Aargauische Kantonalbank
Längin	Thomas	Mr.	exemplic GmbH
Leu	Robert	Prof.	Universität Bern
Liechti	Diego	Mr.	Universität Bern
Lievens	Jozef	Mr.	Eubelius Lawyers
Loderer	Claudio	Prof.	Universität Bern
Luethi	Bendicht	Mr.	Universität Bern
Margreiter	Mathias	Mr.	Daniel Swarovski Corporation
Marugg	Christoph	Mr.	Basler & Hofmann
Mühlebach	Corinne	Dr.	Fachhochschule Nordwestschweiz
McConnell	John J.	Prof.	Krannert School of Management, Purdue University
Nandy	Debarshi	Prof.	Schulich School of Business, York University
Nielsen	Kasper Meisner	Mr.	Copenhagen Business School
Nobel	Peter	Prof.	Universität St. Gallen and Nobel & Hug
Orlacchio	Carmine	Mr.	OLZ & Partners
Oswald	Anja	Dr.	INOHEALTH AG
Pagano	Marco	Prof.	Università di Napoli Federico II
Panunzi	Fausto	Prof.	Università Bocconi and CEPR
Peng	Yuanyuan	Ms.	University of Cambridge
Reymond	Olivier	Mr.	Pictet & Cie
Roselius	Gabriele	Dr.	
Rossi	Stefano	Prof.	Stockholm School of Economics
Roth	Lukas	Dr.	Penn State University
Salvà	Carolina	Prof.	Universität Bern
Schiede	Christian	Mr.	Witten Herdecke University
Schiller	Ulf	Prof.	Universität Bern

Name	First	Title	Affiliation
Schiltknecht	Kurt	Prof.	BZ Group and Universität Basel
Senn	Markus	Mr.	Universität Bern
Simonov	Andrei	Prof.	Stockholm School of Economics
Spielberger	Karl	Dr.	UBS AG
Stäger	Christina	Dr.	UBS AG
Stämpfli	Rudolf	Dr.	Stämpfli AG and Confederation of Swiss Employers
Street	Steven	Mr.	Pictet & Cie
Thesmar	David	Prof.	HEC School of Management
Trautmann	Norbert	Prof.	Universität Bern
Villalonga	Belén	Prof.	Harvard Business School
Vinten	Frederik	Mr.	Copenhagen Business School
Wälchli	Urs	Mr.	Universität Bern
Wyss	Robert	Mr.	Fongit Seed Invest SA
Zeller	Jonas	Mr.	Universität Bern
Zellweger	Thomas	Dr.	Universität St. Gallen
Zraggen	Pius	Mr.	OLZ & Partners
Zloch	Sabine	Ms.	Otto-Friedrich-Universitaet Bamberg
Zuercher	Karin	Ms.	Universität Bern

Institut für Finanzmanagement
Universität Bern
Engehaldenstrasse 4
CH-3012 Bern

Tel: +41 (0)31 631 3478
Fax: +41 (0)31 631 8421
<http://www.ifm.unibe.ch>