"Traditional companies lack the courage to change."

Interview: Christina Grießer-Wind

As Group CFO and Restructuring Officer ad interim, Stefan Gros helps companies transform themselves, realign their business models, and change their processes. In an interview with CASH, he explains why family businesses are a particular concern for him, why the new generation needs courage above all else, and why indispensable, he tells CASH in an interview.

CASH: *In Austria, more than half of all companies—excluding sole proprietorships—are declared family businesses and are thus among the most important economic drivers in the country. Do you see it as a curse or a blessing that there are so many family businesses in a small country—especially in view of the prevailing* recession?

Stefan Gros: Family businesses are clearly the backbone of the Austrian economy. That is why it is so important to support them in their success. Their advantage is that they can react and make decisions more flexibly and quickly than large corporations. However, due to traditional obligations or family ties, they often lack the courage to make consistent decisions and break new ground. In addition, they do not always have the necessary investment funds at their disposal to ensure competitiveness.

Many successful family businesses are run by external managers. Do you see a big difference here, or even a Uorrei/ *compared to purely family-run businesses?*

That is an important difference. External management consultants or a strong advisory board that also includes external experts provide the necessary outside perspective. I think a mix of family and external managers makes sense.

How often *should external managers be replaced? In corporations,* it is *often the rule* to change managers *after a maximum of five years, while in other companies managers remain at the top for 20 years or more.*

He is also no stranger to retail: **Stefan Gros was most recently interim CFO at MPreis.**

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To counteract operational blindness, a breath of fresh air from outside should be ensured. If someone is promoted to management after 20 years in the company, this can of course also mean a new perspective.
But whether you still have that after many years at the top is questionable.

Are these blind spots the biggest challenge facing family businesses?
Financing and capital market viability are also major issues. There is often a simple lack of expertise. However, financing is increasingly becoming a competitive factor. Those who do not understand capital markets will lose out. There is usually enough capital available for sustainable business models, even if it is not always available from banks—private equity, family offices, and alternative financing instruments are also crucial. Investment capital flows to where credibility and sustainability are visible.

"I think a mix of **family and external managers makes sense."**

Family businesses are often said to think in terms of generations rather than quarters. That's why they're more resilient to crises. Would you agree with that?
It's all well and good to think in terms of generations. But when you consider the competitive and market dynamics, you have to be innovative, invest, keep an eye on the return on investment, and decide whether you can continue as before or whether you need to break with old traditions.

You said in an interview: "Carrying on as before is not the solution." How difficult is it for companies to recognize that things can't go on like this and that something has to change?
As a rule, this is not a problem of recognition, but a problem of implementation. Many traditional companies lack the courage to change. They don't want to step on anyone's toes or believe that, for example, divesting a business unit is tantamount to defeat. Yet selling off divisions that have been tying up resources and intellectual capital for years and are being embellished in the accounts is just as important as acquiring new activities. There's a reason for the saying, "Everything must change so that everything can stay the same." Changing conditions are not necessarily a threat; they can also be an opportunity.

"However, financing is increasingly becoming a competitive factor. Those who do not understand capital markets will lose out."

Does that mean a company has to constantly change and not wait until *everything is in disarray? Or to put it another way: when is the right time to think about restructuring?*
Times are fast-paced and competitive and cost pressures are high due to technological developments. That's why it's essential to constantly question your business model and consider where and how you can optimize it. Once you slide into a crisis—be it a strategic, earnings, or liquidity crisis—you come under additional time pressure and no longer have the opportunity to counteract it without making overly harsh cuts.

Where does restructuring end and reorganization begin?
Restructuring is a change without a liquidity crisis. If liquidity becomes an issue, you enter into recovery and thus into the realm of insolvency. Therefore, restructuring must not begin only when liquidity becomes critical. Today, it is a standard tool that is part of everyday management and must be applied on an ongoing basis.

What role does the next ***generation*** *play in restructuring? Is every generational change equivalent to restructuring?*
Every generational change is at least a **transformation situation** or **a critical change for the company.** A company has to reinvent itself practically every generation. That is no easy task. The new generation must bring ideas and experience to the table and at the same time be able to deal with the workforce and the family. That in turn requires a lot of courage, assertiveness, empathy, consistency, but also family support. If this is lacking, the question arises as to whether the individuals are the right ones or whether it would be better to bring in an external and independent manager for support. If necessary, they can be replaced if they do not work out. This is more difficult with a family member. Accordingly, it is a remarkable achievement when a company is already in its fourth generation. According to a study by Harvard Business School, only 12 percent of family businesses make it to the third generation.

When a company is performing poorly, it is common to focus on the employees*. Is this the correct approach?*
If so, then the stairs must always be swept from the top down. In principle, however, it is necessary to take a close look at the respective situation, the system, and the cost structure. Employees can be a major cost factor and offer potential for savings. In this case, it is important to act early and quickly and, if necessary, make one-off deeper cuts to secure other jobs, rather than risking the whole by acting timidly and jeopardizing employee confidence in the company and its management through a salami tactic. On the other hand,

about Stefan Gros

Stefan Gros is Group CFO and Restructuring 0@cer ad interim. With over 30 years of experience, he is one of Germany's top executives for companies at strategic turning points, such as restructuring, transformation, or growth strategies. Gros takes on operational responsibility with "I'm in the game," and he means it.

Good leadership also recognizes when it is important to hire people and invest in employees. Especially in the areas of AI and digitalization, good young people are needed to grow and remain competitive.

Why are AI and digitalization so important? There is still a lot of skepticism about the use of AI. I am very concerned that family businesses in particular are completely missing the boat on this issue due to a misguided sense of tradition, or think that they can still wait and see. But every company must be AI-ready now in order to be fit for the future. This raises two questions: Does the business model still have a future in view of the dynamic development of AI? And how and to what extent can I use AI to streamline processes and make them better? AI does not change life, but it is a tool for eliminating unnecessary work—especially when there is talk of a shortage of skilled workers and high personnel costs. AI increases efficiency by a factor of three to five, reduces the workload on employees, and is increasingly being sought after by banks and investors as a criterion. AI can therefore be used to gain a competitive advantage in the same way as good specialists and managers.

"It is a remarkable achievement when a company is already in its fourth generation."

Let's talk briefly about your work: you help companies solve specific challenges as an interim CFO or transformation 0@cer. *How long do you stay in this position at a company on average, and is it usually in a good position when you leave?*
I usually stay until the challenge has been solved or a certain milestone has been reached. On average, that's two years. In some cases, I continue to support the company, for example, as an advisory board member to ensure continuity.

And what exactly are your tasks? Can you describe them for us?
It is important to note that I am not a consultant who writes concepts. I go into the company, take responsibility, lead companies from A to B, steer them in the right direction, secure financing, and develop talent who can then take over my tasks.
Restructuring and transformation should not be done "on top" of existing management. A transformation officer makes sense as a "co-pilot" to steer processes, ensure implementation, and overcome resistance. And, yes, sometimes he is the one who speaks uncomfortable truths and makes unpopular decisions.

Can every company be saved, or has 6ic *also worked for companies where the train has already left the station?*
Unfortunately, it's like going to the doctor:
Not every patient in intensive care survives, and not everyone recovers after an operation. I have also guided companies through insolvency under their own administration, ensuring that they have a future. Insolvency is naturally unpleasant for the owner, but if new investors can be found or parts of the company can be sold, this does not necessarily mean job losses for the employees.

In your opinion, how long does *one* have *to get a company back on track?*
It's impossible to say in general terms, but I proceed according to a certain system. It's a kind of top list that is worked through. The time required depends on the results of the individual audit steps. In principle, the earlier you are called in, the more time you have. And the better the company accepts the restructuring management, the faster it goes.

Mr. Gros, thank you very much for your time.