

Prelude

Responsible family businesses around the world invest in communities to engage local stakeholders and promote development. They understand successful companies need healthy societies and that making the world a better place brings win-win situations for businesses and communities. Imagine the possibilities when your people are better educated from the day they start work, when local infrastructure like schools and hospitals are constantly improving and governance, transparency and rule of law are the order of the day.

This year's *Polaris – Building a Flourishing Family Business* reflects the importance of vibrant communities for flourishing family businesses. We explore the business opportunities identified in the UN's Sustainable Development Goals and how FBN members are making positive contributions to these global goals by engaging and delivering on our Pledge.

We dive a little deeper into the Polaris Impact assessment (PIA), a tool customised for family businesses that enables members to understand their impact, identify new opportunities for growth, and empowers them to be a force for good. FBN is a high-trust learning community and we 'listen-in' as our pilot Polaris Peer Group share insights on how the PIA is developing capability within their family business and accelerating their sustainability journey.

The case studies represent experiences of members across the network and focus on their engagement with stakeholders. From street vendors in Ho Chi Minh City in Vietnam to artisanal miners in La Llanada, Colombia, we learn how FBN members are innovating to make a positive impact in their communities while creating new markets for their family business. And in the final section, we explore businesses that are rethinking new models, products and processes to meet the needs of present and future generations.

For members at the early stages of their sustainability journey, this Polaris publication and earlier Polaris titles – *A Guide to Polaris* (Oct 2014), *Family Conversations on Sustainability* (Sept 2015), *Polaris Resource Kit Volume 1* (Oct 2015) – provide inspiration, tools and practical steps to get you started. For members with more experience, this publication identifies strategies that both your family and business can leverage to take you further along.

Join us in cascading sustainability and building flourishing family businesses across FBN. No matter where you are on your sustainability journey, we would love to hear and learn from you. Please do contact your local FBN team or any one of us and sign up to be a Polaris champion.

The Polaris Committee



AFAS Software

The Company that Purposely Ran Out of Paper

Nature of Business: ICT Software

Industry Sector: Automation

Family Business History: 2nd Generation

Provenance: The Netherlands

Setting the Stage

There are some sectors of industry that are obvious candidates for the role of poster boy of the Sustainability movement. Forestry, food and pharmaceuticals, for instance, immediately come to mind, as any effort on the sustainability front tends to be visceral and visible. So it's refreshing to note that a company in the ICT software arena can also move the needle.

AFAS Software is a Dutch family-owned company that develops innovative software products for both the corporate and consumer markets. With its products, AFAS is automating businesses and organizations from all sectors through one integrated, modern cloud software solution, from digital household expenses books for consumers to

linking various ICT systems for all kind of companies.

The company was established in 1996 after a management buyout from Getronics, itself an ICT sector that was founded over a century ago, in 1887. AFAS founders Ton van der Veldt and Piet Mars continued to run the company for another 13 years before transferring daily management of the company to their respective sons Bas van der Veldt (CEO) and Arnold Mars (CFO) and transitioning to become members of the management board. Today, a third generation of the business families is being raised the 'AFAS way'.

While AFAS is profitable, this is not a business objective in itself. Rather, AFAS believes it is a consequence of doing good, responsible business. AFAS' main objective



An office powered by AFAS. The challenge was: "Can we go one step further?"

is to create a friendly organization that excels, where people from within and outside the company collaborate and inspire each other to become their best selves. Social responsibility is an essential part of this objective. Therefore, all strategic decisions are weighed against their impact on the environment, society, partnerships and staff. The policy has to breathe simplicity, openness, respect, quality, and above all else, sustainability.

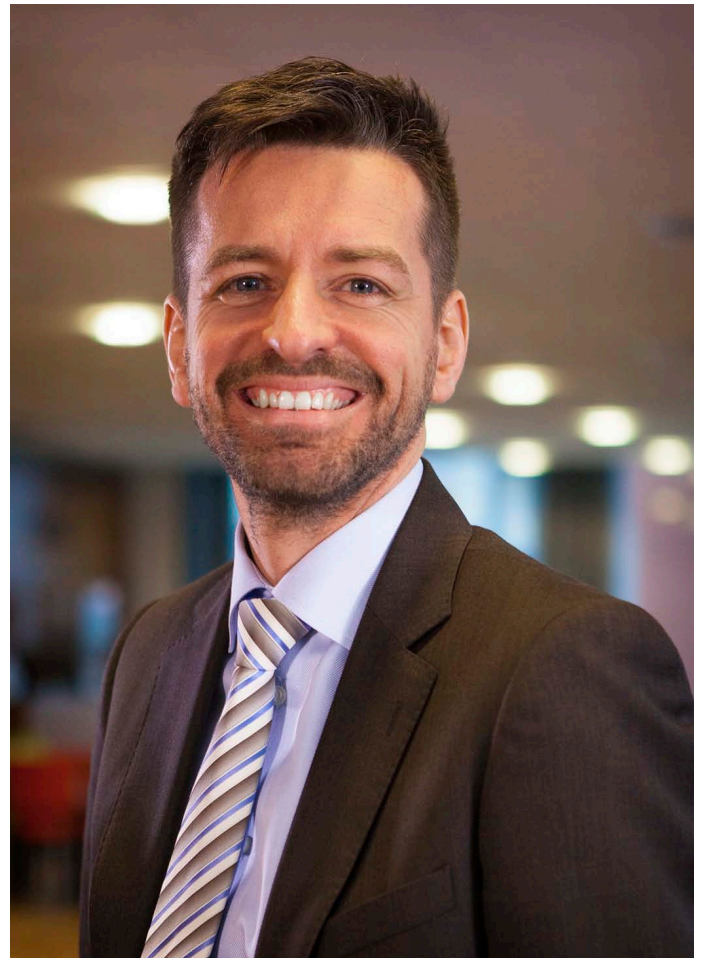
Holding the Mirror

AFAS wants to inspire as many employees as possible care for the business, and at the same time *“contribute to making the world a little better,”* says CEO Bas van der Veldt. The owners truly share a common desire to make the world a better place. According to their vision, this is not so much a corporate social responsibility as it is a logical way to interact with the world. *“Almost everyone feels that they want to and must help other people if they are in a position to do so; and we are in such a position,”* says Bas van der Veldt. *“I tell my people, if you have more than enough, you must build a larger table – not a higher wall.”*

Running an ethical business is a fascinating subject, when one considers the enlightened perspective of the AFAS family business leaders. Social commitment is stimulated through donations from AFAS’ own foundation. Every year, AFAS donates 2.5% of its turnover to charities. Besides this, the company has pursued various sustainability initiatives. One of the cornerstones is ‘the environment’. AFAS wants to make a contribution to an economy that is sustainable rather than wasteful or polluting. It is not about maximizing material wealth, but well-being, both for current employees and customers as well as for future generations. Running a clean vehicle fleet and reducing carbon emissions is one way the company has advanced towards this goal.

But by far the most simple yet audacious goal Bas van der Veldt has set for the company, has been the drive towards becoming a fully ‘paperless organization’. Half a century after marketers coined the term, the

concept remains hugely challenging, and largely a myth. At a time when almost every employee has access to a computer terminal, and when mobile devices boast pixel densities the equal of print media, it’s strange that more hasn’t been done to reduce the usage of paper. Or perhaps it’s not so surprising. Old habits die hard. There’s a well-founded security in the tactile assurance of a printed sheet. But if anyone could pull it off, it would probably be a software company.



“The consequences of our boundless paper use might only be noticeable to the next generation, when the environment may become irrevocably damaged. But by then, it will be too late.”

Bas van der Veldt
CEO, AFAS Software



AFAS CEO Bas van der Veldt took the bold step and most symbolic of gestures by getting rid of all his company's printers in one fell swoop

Connecting the Dots

Bas van der Veldt took a huge initial step. He made a statement about the seriousness of his intent *by simply getting rid of all the company printers*. There was immediate culture shock. More traditional mindsets went into anxiety overdrive, when they realized they could not print out anything to hold in their hands, to read from, to file away for archival records. There was huge skepticism, despite this being a software company. The intrinsic motivation to change was therefore not that large.

AFAS did not allow itself to be held back by all the counter-arguments that rolled off people's tongues. To address staff fears, the leadership team made sure it had a very robust, digital archiving system (with active backup). It devised workarounds to address client needs and regulatory requirements. Teams were directed to reproduce internal documents on wikis or online notebooks. All installed software had 'digital printing' as the standard setting. Besides being an inspiring and attractive example itself, all of the business' external communications became exclusively digital. The company started requesting paperless statements from banks and other service providers; and streamlined virtually its entire accounts payable systems to an online

mode. In a creative and memorable gesture, suppliers were guaranteed that digital invoices would be paid within 3 working days, while paper invoices would be paid later (though still on time). Fax machines were given a grateful, decent burial.

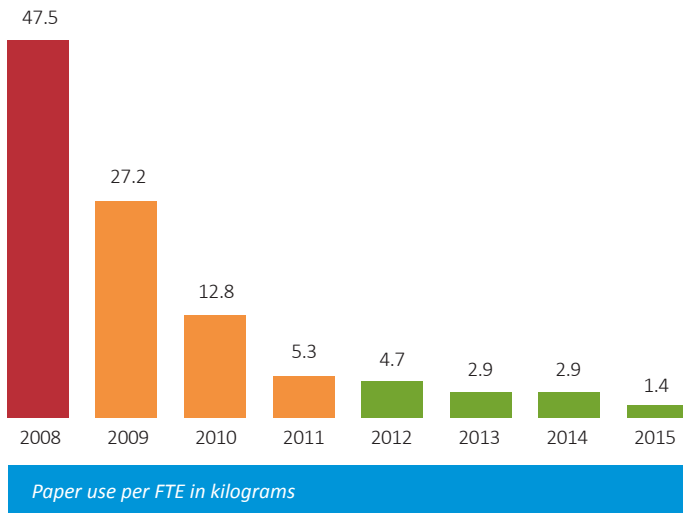
The company also helped employees to think about the advantages of a paperless system. Employee evangelists championed a culture of reuse and recycling. AFAS consultants talked up a paperless office with their clients. Sustainability seminars were organized, and promoted. Optical character recognition (OCR) software was widely distributed to enable static images or PDF files created by hardware scanners to be converted into editable files. Smartphone apps were encouraged to capture the content of business cards.

And slowly but surely, the turnaround happened.

After a few disorganized months, everyone had come around to accept the new paradigm – grudgingly at first, but then with increasing enthusiasm as they began to embrace a paperless future. It was important that the company tracked its progress against goals, and celebrated early wins. Soon, the mindset change was complete.

Creating Impacts

Once people realized that paperless working is more effective and more fun, they didn't want anything else. Although AFAS is still not completely paperless, the measurable results have been very positive:



Being able to monitor a sustainability initiative in such a measurable way has been very energizing. Especially when many positive effects of a paperless organization that are not directly measurable. For example, AFAS has inspired other businesses that would like to reduce their own paper use but think that they cannot do it, to try. The company has shown that it is possible and that it is really not that difficult.

As a family business, AFAS is particularly well placed to implement change. Without any pressure from external shareholders, it can pursue its shared passion for the company and its goals. For family businesses that think a paperless organization sounds utopian, Bas van der Veldt advises them to, if necessary, start with being 'paper-light' – because *“every little step helps”*.

Identifying the Next Steps

Today, AFAS employs more than 350 people and its turnover is close to €100 million. With the help of their own software and their motivated and high-performing staff in particular, AFAS' profit margin has increased year-on-year to above 30%.

Going forward, AFAS wants to operate in an even more sustainable way. Its energy use has already fallen in recent years, and with the building of a new head office it aims to become even more sustainable. Back in 2011, it purchased the land where the head office is now being constructed; and determined that it would establish a future-proof building as part of an increasingly digitalized and sustainable society, based on the changing manner in which the world works, lives and learns. Having found inspiration in pursuing a paperless organization, it is well on its way to realizing a purposeful future.



The paperless office may soon cease to be a thing of the future, once people internalise the steps to get there and embrace the benefits upon arrival

About The Family Business Network

The **Family Business Network** (FBN) is a global network run by family businesses, for family businesses, across generations. Founded in 1990, it brings together over 3,200 families, 10,000 individual members including 4,000 next-generation members – across 29 chapters covering 65 countries worldwide. FBN helps enterprising families grow, succeed and prosper through the exchange of best practices and new ideas. Being by families, for families, FBN creates a safe space in which family businesses learn from each other and share the passion they have for their family and their enterprises – and how to reconcile these two passions.

FBN is a not-for-profit international organization, offering unique value and insights to members of families in business including:

- a strong international community of business owners, both global and local
- an inclusive, non-solicitation environment for intimate and authentic peer-to-peer learning for all members of the family
- a platform which fosters communication and dialogue across generations, where each family member is invited to share their values, long-term aspirations and roles within the family
- a forum where every stakeholder, CEO, board member, shareholder, spouse or next-generation member can engage with their peers on the problems they are confronted with on a day-to-day basis, and find support in learning through shared experiences

www.fbn-i.org

**FAMILY
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FBN acknowledges the generous support of the Family Business International Foundation. FBIF supports research on factors that underpin the success and sustainability of Family Business and highlight the important contributions brought by business-owning families to economies, employment, environment and society.

