# St. Gallen Business Review

Spring 2020

**Investment Banking In Times Of Transformation**

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Member of the Group Executive Committee, Rothschild & Co

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CEO of TRUMPF, leading in laser technology

# FREEDOM

# Beloved readers,

The perception and understanding of freedom continues to change over time, while its fundamentals — the ability to do, say and think whatever you want to, without being controlled or limited — remain the same. In this issue of the St.Gallen Business Review we ask ourselves, whether such borderless, unconditional freedom does indeed exist in our societies today.

In recent years this question has taken center stage in numerous debates and seldomly fails to dominate political discourse. Increasing digitalization and surveillance possibilities provide the foundation for individuals to feel both restricted and limited in their own freedom. It is important to openly discuss the effects such developments may have on our personal freedom, as it is not only a gift but a right everyone should be able to enjoy. Whether this is freedom of opinion, of movement or education — every form is pivotal in its own right.

Until recently, many people were not aware what a sincere restriction in freedom means for one's personal lives. While working on the "Freedom" issue, the coronavirus known as Covid-19, rapidly spread the world and continues to do so today. Aiming to protect people around the globe, numerous measures have been launched and put in place that aim to save lives, however, severely limit and restrict personal freedom in everyday life. Most of us have never before encountered such incisive measures affecting our ability to move, socialize and do our work. Even though, measures such as curfews or social distancing regulations aim to minimize the human cost to this pandemic, the trade-off incurred for personal freedom should not be overlooked. However, this ongoing global health crisis has taught us a lot and reminded us how freedom should not and can not be taken for granted. Because only when it is gone, we realize it often is what we miss the most. The corona crisis we are facing today, goes far beyond a health crisis and also affects the economy as well as our societies on almost every level. For this reason, this issue — Freedom — could not come out at a more pertinent moment in time.

We have tried to include many aspects and to bring them together in this issue. Through a great variety of articles by and interviews with individuals from different backgrounds, the importance of freedom in all areas of life is clearly highlighted. As we have been working on this issue for quite some time, several articles and interviews were written and conducted before the coronavirus took its toll on our lives. Therefore, this aspect could not always be taken into account. Nonetheless, these articles still shed light on how precious and important freedom is: for us as individuals, our economies, the arts and many other things.

Find out from former President of Austria, Dr. Heinz Fischer, how important freedom is in a democratic system; from Bertold Müller what freedom means in an artistic environment; from Karolin Frankenberger and Felicitas Pietrulla how the Circular Economy increases the degrees of freedom and learn from Dr. Martin Reitz how investment banking will change in the future. We have all this in store for you and much more.

As always, much energy and passion have driven the new edition of the St.Gallen Business Review and we hope the insights will excite and inspire all of you.
Enjoy reading!

Magdalena Schönherr
Editor-in-Chief

Joshua Glotz | Max Fäth | Lynn Tschirky | Milan Schéda | Simon Meier | Cedric Abplanalp | Magdalena Schönherr | Anna-Luisa Karl

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# Investment Banking In Times Of Transformation

**Dr. Martin Reitz** | Member of the Group Executive Committee, Rothschild & Co



Corporate Finance in particular M&A as the “Crowning discipline” has  been criticized by it’s social uselessness and whether it contributes to the common wealth. Dr. Martin Reitz, Member of the Group Executive Comitee, Rothshild & Co answers the question how and why investment banking is playing an essential role in the international economic tapestry by analyzing the changes and leveraging for capital and corporate control.

Corporate Finance, in particular Mergers and Acquisitions (M&A), is often called the "crowning discipline" of Investment Banking. This is not surprising. Nowhere else are banks so closely involved in the execution and implementation of the most significant, and often most transforming, strategic projects for their corporate clients. Corporate finance transactions regularly appear on the front pages of our daily newspapers, and they inspire the imagination of the general public in relation to what happens in the economy. Today, not only most companies, but alsao wealthy families, global institutional investors, and a large number of governments around the world regularly use the services of investment banks to execute their economic strategies and to manage transactions in global capital markets.

However, the reputation of Investment Banking has been mixed recently. In the aftermath of the financial crisis, many people have started to question its social usefulness and whether it contributes to the common good. Applications for analyst positions in the banking industry have underperformed those for other industries. And whilst most of the scepticism is related to the sales and trading side of the investment banking industry, the advisory side is also not immune to a critical perspective, as shown for example by the regular controversy about whether M&A and the related financing activities generate any value.

## Responding to and affecting lasting change

At the same time, we are seeing a lot of activity in mergers and acquisitions as well as financing globally. M&A volumes have doubled post financial crisis and amount to around 4 trillion US$ combined transaction value per annum in 2018 and 2019, with no slowdown currently in sight. The total number of transactions, 2019 at 40.000 deals worldwide, is up by 25% compared to the year 2009. This is in part a cyclical phenomenon. The level of M&A activity fluctuates with the stock market. It is easy to see why this should be the case. First, selling assets is more attractive when valuations are high, and second, leaders of businesses who act as buyers are usually more confident about the future of business ("CEO confidence") in phases of positive stock market performance. In addition, stronger markets make it easier to get the related financing transactions done.

However, there is also structural growth. The number of transactions is growing substantially across the cycle and has almost doubled since 2002, the low point after the burst of the dot.com bubble. And the average global annual deal volumes during the current market cycle are more than 30% above those during the last cycle before the financial crisis.

The number of transactions is growing over time because a substantial part of the global deal activity is not primarily a response to the economic cycle. It is much more a reaction to innovation and globalization, to structural changes in technology, competitive industry dynamics, as well as political and regulatory developments, most of which are new, and are accelerating in scale and scope:

- The digitalization of products, services and value chains, driven by a combination of mobile internet, cloud computing and high-speed data processing
- The surge in Artificial Intelligence and robotics
- Breakthroughs in bio- and genetic technology

- A shift to clean energy and a carbon-neutral economy enforced by $CO_2$ regulations and changing consumer preferences
- The emergence of a whole range of new, highly capable competitors in almost all traditional industries and markets — due to the steady rise of so called 'developing world economies'

As Ian Goldin and Chris Kutarna described it in their famous book titled "Age of Discovery", we are living in a new "renaissance", a time of fundamental scientific and social innovation, with the potential to fundamentally reshape all our lives. These powerful innovation trends are accelerating. The corresponding transformation of many industries (like for example the retail, media, banking, machinery, utilities or automotive industries) is increasingly far-reaching and fundamental, forcing about strategic change.

## Leveraging the markets for capital and corporate control

Businesses have to adapt to these changes. They are under pressure to seize new opportunities and to manage the risks. Many are faced with new and sometimes drastic challenges: an erosion of market-share due to emerging competitors, the threat that their business model may become obsolete due to technological change, or a drop in competitiveness due to intense regulation.

This creates pressure to act in order to survive. The strategic challenges are often significant. They require tailor-made answers and fast implementation. For this, the "market for corporate control", which is the selling, merging or buying of businesses, provides a relevant and highly valuable strategic opportunity. By leveraging the M&A option at the right point in time, companies can stay ahead of the game — or in the game.

How does this work in practice? If we consider the outperformers amongst our clients or within today's industries, they usually combine a set of structural strengths, with focus on:

- Scale (market leadership, efficiency and barriers to entry — in an increasingly digital business world where the "winner takes it all", this aspect is becoming more and more important)
- Access to Growth (via business activities in dynamic regions and growing business segments)
- Access to Technology (to be able to drive critical innovation and to have access to leading technology)
- Access to Capital (financial firepower and risk capacity through strong balance sheet / rating)

By accessing and leveraging the market for corporate control as well as for debt and equity capital, investment banks help their clients implement strategic projects that can increase scale, provide access to growth or critical / new technology, and raise the required capital in the most efficient and strategically thoughtful way. The M&A market also offers ways to rapidly exit those parts of the business where the battle for a meaningful market position has already been lost.

Successful strategic adaption involves a critical review of a company's own businesses against the key factors of competitiveness and long-term success. Businesses who lack critical mass, for example, should either be sold, as long as other industry participants are still in need for scale, or strengthened by active consolidation, if opportunities exist. Increasing exposure to growth by buying into fast-growing regions or new business platforms in adjacent businesses is another way of increasing strength and creating sustainable competitive advantage. Similarly, the acquisition of critical technology assets — like in software, biotechnology, digital business models, renewable energy solutions — can substantially strengthen businesses who lack those capabilities.

All these strategic initiatives require a functioning market for corporate control. The interesting thing about this market is that a large part of it — the market for private company control — only exists when it is being actively created. By preparing an asset for sale, for example, by putting the necessary information together and by contacting those who might be interested in buying it, bankers create a marketplace where companies and investors are able to transact. This is of substantial value for clients.

From corporate control to capital, the services of investment banks hence provide companies with effective strategic tools in an environment of rapid change — and hence the chance to prosper, to grow, to defend against decline, by offering fast-track strategy execution, leveraging the full potential of global capital markets. Of course, this chance does not come without risk. In times of technological and political transformation, future business prospects are often uncertain, and change can be unexpected. The approach taken by companies regarding pre-deal risk assessment and post-deal risk management plays a critical role in determining the long-term success of their strategic projects.

Investment banks play an essential role in the international economic tapestry. Their services are a key ingredient in the dynamic adjustment of companies and industries. Investment banks are ultimately change agents: they help their clients utilize and leverage important capital markets. With the service of investment banks, companies have a wide range of options to implement their strategic plan for sustainable success in a fast-changing world.

## Dr. Martin Reitz

Dr. Martin Reitz is a member of Rothschild & Co's Global Executive Committee. He also serves as Deputy Head and Co-Chairman of the Management Committee of the Global Advisory division of the Rothschild & Co group, as well as Country Head for Rothschild & Co in Germany.

From 2001 until 2009 he worked for UBS, where he held various roles within the organization, notably as Joint Head Investment Banking Germany. Previously he was CFO of Concept AG, a participation of WPP group, and has worked in M&A Teams of Dresdner Kleinwort Benson and Schröder Münchmeyer Hengst.

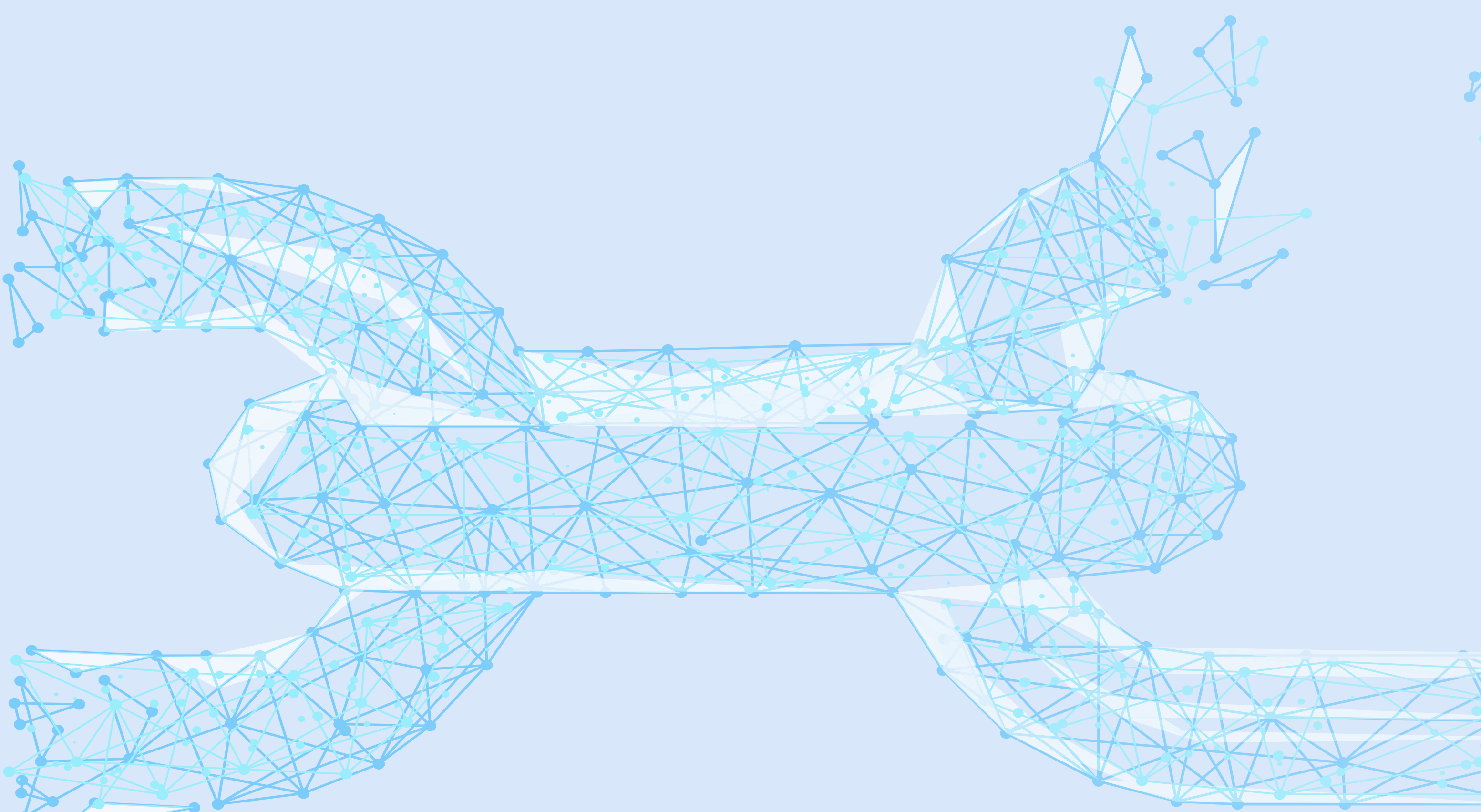
Martin Reitz studied Mechanical Engineering and Business Administration (Wirtschaftsingenieurwesen) at Technical University of Darmstadt. He was a Visiting Student at the Department of Economics of Stanford University and obtained a Ph.D. in Economics (Dr. rer. pol.) from Technical University of Darmstadt.

# “Our entire social and political system is facing new challenges”

**Dr. Heinz Fischer** | Federal President (ret.) of the Republic of Austria

Former and long-time Federal President of the Republic of Austria Dr. Heinz Frischer talks about his experience in office, challenges and opportunities and his understanding of freedom, democracy and free will.





**What does freedom mean to you personally and where do you see the limits of a personal claim to freedom?**

All human beings are not only — as stated by the United Nations Declaration of Human Rights — born equal in rights and dignity, but also endowed with reason and conscience and — I might add — with freedom of will. Filling these fundamental rights with life and giving them opportunities to develop, presupposes human freedom, in other words the ability to decide between different options. Freedom is a consequence of human dignity.

As the human being is not an individual being, however, the freedom of the individual finds its limits where the freedom of one interferes disproportionately with the freedom of the other. It is undisputed that the permanent weighing up of choices required for this purpose is more difficult in practice than in theory, making the effort to preserve the freedom and to respect the limits of freedom, a 'never ending story'.

**During your time as Federal President, were there moments when you felt that your freedom was being restricted considerably by the demands of office? How did you, as Federal President, perceive the stressed relationship between fulfilling your duties in office and your personal freedom?**

There were no such moments, as I was aware of the restrictive aspects of this office from the very beginning and accepted them, and moreover, these restrictions were more than compensated for by extraordinary opportunities for action.



**In 2009 you declared your candidacy for re-election in a YouTube video. To what extent should politicians use social platforms and networks to comment, position themselves and polarize? What dangers and opportunities do you see in this political instrument and should/must limits be set on the right to freedom of expression in this context?**

Politicians will always use those communication possibilities that are considered as "state of the art" in their respective present and with which they can articulate themselves best and most effectively.

The disadvantage of today's "social media" — which I by no means always regard as "social" – is especially the very aggressive, untrue, ill-considered and hurtful remarks that enter the cycle of public discourse both enhanced and relatively unfiltered. The wide reach and intensity of such media thus aggravates and exacerbates the political and social climate.

Just as freedom of the press is accompanied by a press law and other legal regulations, additional regulations will probably also be necessary in connection with social media — in consideration of the limits of freedom, I previously elaborated on.

**As a result of growing populism, climate change and rapid technological change, liberalism is coming under increasing pressure and with it the individual freedom on which it is based. How do you see Europe's future course — promoting or restricting freedom?**

I think that not only "liberalism" is coming under pressure due to populism, climate change or rapid technological developments, but our entire social and political system is facing new challenges. This affects more or less all democratic political movements and the political culture as such. Therefore, it is our task to shape the technological change to the best of our ability in such a way that our fundamental values, which form the basis of European society, can be preserved and ideally even expanded.

**Which aspects of individual freedom do you currently see under attack and which aspects should be particularly defended in the future?**

In my opinion, the greatest threat to individual freedom is the development of the surveillance state, i.e. the "transparent citizen", as a result of the desire to have maximum knowledge of the habits of citizens in the interests of maximum security. Here, too, we need to weigh up the competing interests, in which the judicial element must play an important role in order to safeguard fundamental rights.

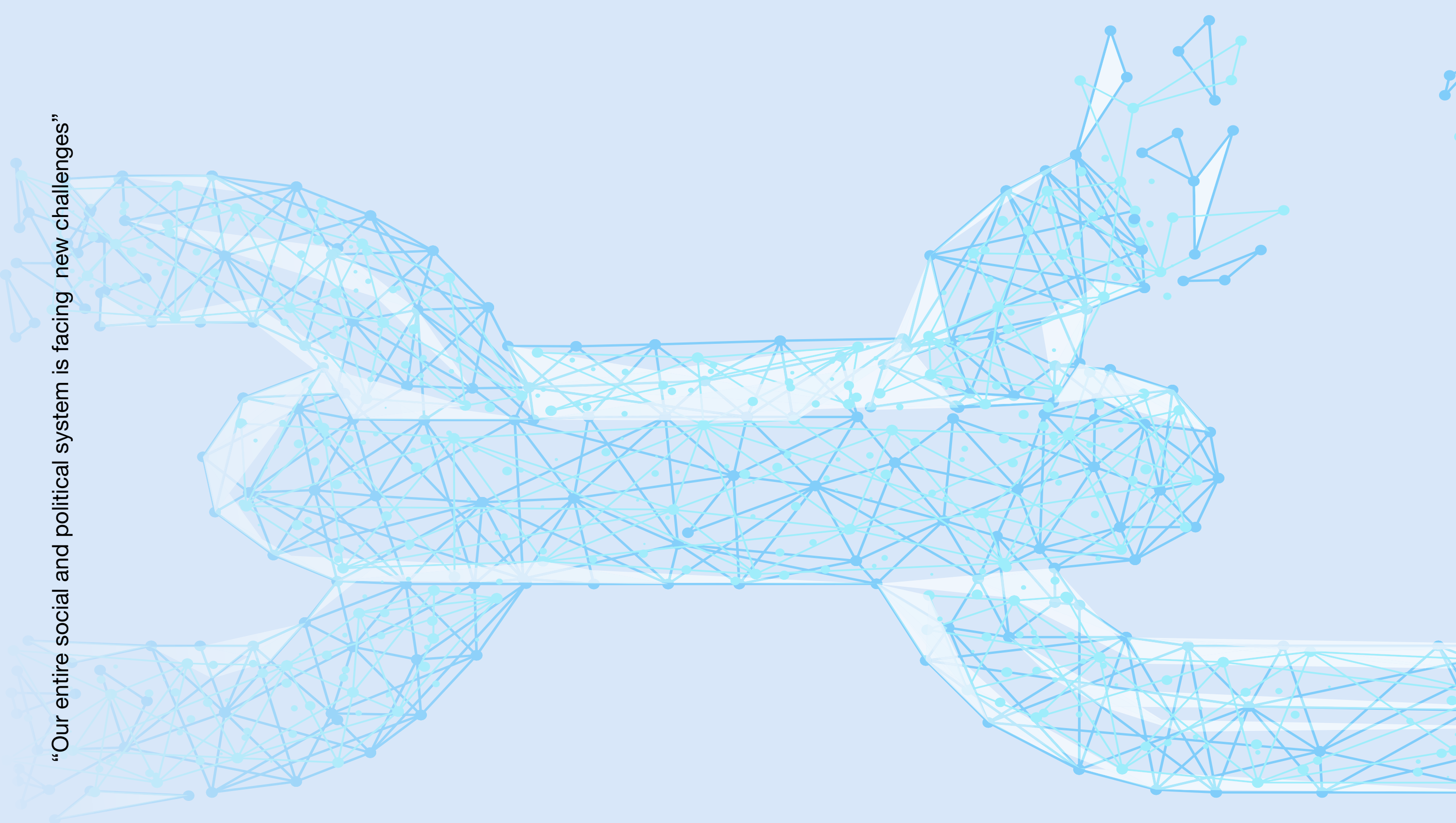
**Given the sometimes frightening possibilities of new technologies, Big Data and Artificial Intelligence, which cannot be properly assessed by the majority of the population, is there an urgent need to redefine our understanding of freedom in the same way that our perception and definition of equality, sustainability and security has changed over the last 20 years?**

I think it is less a question of "redefining" our understanding of freedom than of defending and protecting the fundamental value of "freedom" against conflicting interests.

Moreover, I believe that the relationship between freedom and equality is not as antagonistic as it is often presented, because an optimum of freedom for all people also presupposes a minimum of equality, and the goal of equality and equal opportunities for all is not compatible with the existence of lack of freedom.



"Our entire social and political system is facing new challenges"



Freedom and equality belong together more than many assume.

**How should the relationship between freedom on the one hand and security or public order on the other be dealt with, in the context of video surveillance and face recognition?**

As I have previously explained, I feel that the pursuit of the highest possible level of security is accompanied with the tendency to accept compromises in terms of individual freedom. A balance of interests is therefore required, which must be carried out by transparent, democratic institutions under judicial control.

**Do you see dangers of a burgeoning illiberality in dealing with the omnipresent political correctness — especially with regard to gender mainstreaming and criticism of religion — and how could one counter the fear of many who think they are subject to a partial ban on thinking and speaking and are no longer allowed to say and think what want they would like to?**

I am no friend of the term “political correctness”, as I think it is self-evident that one should behave politically correct — even in an open society and a pluralistic democracy. I therefore do not accept to interpret political correctness as a restrictive term or even as a term that triggers bans on thinking and speaking. Gender equality and religious issues can and should also be dealt with in a politically correct and critical manner on the basis of pluralism of opinion.

**Dr. Heinz Fischer**

Dr. Heinz Fischer is a former Austrian politician and Federal President of the Republic of Austria. He took office as President of the Republic in 2004 and was re-elected for a second and final term to last until 2016. Prior to being elected Federal President Dr Fischer served as minister of science from 1983 to 1987 and president of the National Council, one of the two houses of the Austrian Parliament. During this time Dr. Fischer was a member of the Social Democratic Party of Austria. He suspended his membership upon election in 2004 and is since then regarded as an independent.

# "A work of art is unique"

**Dr. Bertold Mueller** | Managing Director, Christie's Continental Europe, Middle East, Russia and India

Bertold Mueller explains the valuation of works of art in a changing investment environment and gives an insight into a world in which every product is unique.



**Art is extremely diverse and artistic freedom means that there are almost no limits on the artists. Where is your limit on artistic freedom?**

It depends, would be my answer as a lawyer. In principle, it is vital to grant and protect artistic freedom. We learn from history what it meant to be deprived of freedom under National Socialism or in the GDR, just to name two regimes. In Switzerland artistic freedom is protected by Article 21 of the Federal Constitution, and rightly so. However, this fundamental right needs to be measured, in case it affects other rights, or leads to infringements, for example of personal rights.

This is also the measured approach we are taking at Christie's where we have strict guidelines regarding objects that are not permitted for sale, like National Socialism memorabilia.

**In your opinion, how will the art market change in the future, both in the way art is made and the way the works of art are distributed? What potential do you see in AI or virtual reality art?**

This is a very exciting question! We are working on this topic with a group of students from the University St. Gallen, supervised by Dr Laura Noll, to outline ideas on the future of the art markets and debate their relevance in the coming years.

Going forward, the continued digitalization will strongly impact on the enjoyment, distribution and sale of art as well as its creation. Christie's was the first major international auction house selling a work of art produced by artificial intelligence. The Portrait of Edmond Belamy fetched almost half a million US Dollar in 2018, multiplying its pre-sale estimate. Later this year, we will be offering a mixed reality artwork by Marina Abramović, her seminal performance piece The Life, at our Post War and Contemporary Art auction in New York.

As the future artists, curators, collectors, and critics are the young generation of today, consequently it will depend very much on their views and needs as to how the art markets will develop.

As a company we base any development steps on considerations about the next generation's needs. In 1967, Christie's was the first auction house to accept a phone bid via the first telephone anyone had seen in an auction room. More recently we have created online bidding tools and apps, we hold around 90 online-only auctions annually, we use our social media channels to engage, and our website has been visited by 13.3 million unique viewers throughout 2019.

In addition to digitalization, we are also seeing the effects of globalization. Our online auctions attract annual bidding from over 195 countries. Such a reach was impossible, let us say in the 1990s, when auction information was obtained through printed catalogues, mailed to clients. Today, obtaining auction information is easy, quick and possible wherever you are with just a few clicks on a mobile device.

In terms of the areas of collecting, we continue to see increased interest in the 20th century art field as well as in the luxury sector, comprised of wine, handbags, watches, and jewellery auctions. In recent years we have witnessed a widening gap between the masterpiece and the middle market. For instance, Decorative Art from the 18th and 19th centuries is not in such great demand currently. The interest in and obtained value for top objects in this field, as in other categories, has however increased significantly over the past years.

**What about video art? How is this presented at an auction and how is it installed at the buyer's site?**

Video art and installations have not established themselves highly on the secondary art market. Individual lots have been offered at auction in the past but are primarily handled by specialized galleries. Ongoing technical developments and challenges in obtaining original equipment are amongst the reasons why video art has not developed a strong presence in the auction world. Who is still using Beta or VHS tapes today?

**To what extent is there a demand for contemporary art and in what forms is this expressed?**

Contemporary art is clearly one of the driving forces of the art markets. The market for contemporary art is not only the most dynamic, but also the most relevant to clients with different cultural backgrounds. For example, an Old Master painting depicting Saint Sebastian might not attract the same level of global understanding and demand as an abstract painting by Gerhard Richter. Furthermore, there is an ongoing, global supply. In my view, post-war and contemporary art will remain a key driver of the art markets going forward.

**Your colleague Professor Dirk Boll stated in an interview with the Süddeutsche Zeitung that art lives from public debate. Without art scholarship and criticism and without the authority of independent museums and exhibition houses, art would wither away to decoration". How do you see Christie's position — do auctions promote art studies? Is there any empirical value as to what percentage of the artworks find their way back to public exhibitions through donations or loans after auctions?**

At auction, rediscovered works of art are occasionally offered which scholars have not seen in the flesh for decades. In some instances, scholars were not even aware these works still existed. In this sense, and through our inhouse researchers, auctions do provide for wider art research. We have established very strong relationships and a constant dialogue with many museum curators, research institutes and independent art consultants. These exchanges also help us to produce meaningful catalogues which can be found in all major public art libraries around the world, in hard copy and digitalized forms.

Many collectors make their works of art available to the public through exhibition loans or long-term loans to museum collections. Their motivations can be of different nature: sharing the pleasure of their artwork with a wider public, placing the work in dialogue with other works in a new thematic approach. For long-term loans the preservation of the work of art in a museum environment can be a forceful driver, and, of course, a loan to an exhibition or to an institutional collection increases the prestige of a work of art. Overall, however, the main motive is to place art in a new and dynamic context.

Given our close relationships with art collectors around the globe, we at Christie's are often asked by museum curators to facilitate such loans in very diverse fields. For example, for the upcoming Goya exhibition at the Fondation Beyeler, we helped to negotiate several loans.

**How long does it take Christie's to determine whether a work of art is genuine and how does this process work?**

At Christie's, a "Pre-Sale Due Diligence" process is in place for each work of art. Without this process, no work will be included in any auction.

Depending on the type of object and the time (date) and place of its creation, the research can be lengthy or more straightforward. By default, we check whether a work of art has been stolen or lost — for example, during the National Socialist era. We further research the previous owners of the work, whether the work has ever left the country illegally, and if the paperwork is complete.

Our internal specialists thoroughly examine each work, in teams, and often also liaise with external experts on the artist to confirm an attribution.

All information discovered on the artwork is subsequently included in the catalogue, reflecting the current state of research on the artwork.

**In your view, how can the value of a work of art be intrinsically quantified?**

The evaluation of works of art is time consuming and requires a lot of expertise and knowledge. Most importantly — and as base of all valuations — a work of art is unique.

This is even the case when we have to research a print from a series of 30. Christie's might have already offered print numbers 3/30, 11/30 and 24/30 from this series, but still the additional lot needs to be checked thoroughly as it might have belonged to an important collector who has lent the work for an institutional exhibition, or the work was not stored correctly and has water stains or it was exposed to the sunlight, etc. All these factors will influence the pre-sale estimate of the work.

However, there are a handful of parameters that are useful in determining the value of a work of art, its quality being the starting point, of course. Furthermore, how rare is the artwork? What is its condition? Is it fresh to the market? What is the provenance of the work? In which period of the overall oeuvre of the artist does it fall?

Ultimately and as pointed out by Pierre August Renoir: "There is only one information about the value of an artwork, and that comes from the auction room!". Until you have sold a work of art, you do not really know its economic value.

Over the last 50 years, there has been a significant increase, not only in the volume but also in the overall level of prices achieved for top works of art. That said, it is not a given that when a painting by Picasso sells at a record price, automatically other works by Picasso increase in value, too.

**Has the customer profile changed with the 0% interest rate environment?**

Some say that one can observe a tendency towards acquiring tangible assets over financial assets. If that holds true for art collectors as well, it is most likely only relevant to a small category of collectors.

**Could there be a "bubble formation" as with other alternative investments?**

Sadly, I do not have a crystal globe. One of the best indicators for the state of the art markets is looking at sell through rates across categories, price bands, and sale channels. In 2018 and 2019, our average sell through rates have been particularly high at an average of 82%. While the growth of the art markets and the increase in prices paid for certain works of arts has not been linear in the past, it will neither be so going forward. Given the topics discussed earlier — digitalization and globalization — I am positive, however, that in the long run the improving accessibility will lead to further demand.

**Have you also noticed a general increase in interest in art in the public?**

Definitely! And across the various touch points like fairs, museums, gallery week-ends, etc. According to our own data, this increase can be described as exponential. Since 2016 we report every year around 30% of new clients transacting for the first time with Christie's. Most of these new clients come to us via our online platforms. Within a year, 10% of these new clients which came through our online auctions, transact in one of our 250 live auctions. We aspire to further support this trend by way of increased accessibility and art educational efforts.

## Dr. Bertold Mueller

In 2012, Dr. Bertold Mueller joined the company as Managing Director Christie's Zurich. As Managing Director Christie's Continental Europe, Middle East, Russia and India, he is responsible for an extended area that stretches from Portugal to Scandinavia and from Israel to India.

Over the last years, Bertold has advised art collectors and institutions in the German-speaking part of Switzerland. Under his guidance, Christie's Zurich contributed to numerous important consignments. Furthermore, he acted as host for various specialist and client events.

In his current position, Bertold oversees these activities and his responsibilities from Zurich by way of contributing his experience in management and client services to Christie's offices and sale rooms in numerous countries.

# The Federal Supreme Court as guarantor of fundamental rights and freedoms in Switzerland

**Prof. Dr. Ulrich Meyer** | President of the Federal Supreme Court, Lausanne/Lucerne



The Federal Supreme Court in its role as guarantor of fundamental rights and freedoms is of paramount importance to the Swiss Confederation. There are a number of ways how the Federal Supreme Court guarantees these rights. However, there is a common misconception that leads to overburdening or misburdening of the Federal Supreme Court.

The Federal Supreme Court is the highest judicial authority in our country. It is — like the Federal Assembly with the two Councils and the Federal Council — a constitutional body in a federal state with separate powers. This means that its position is based on constitutional law. First and foremost, its independence in the administration of justice — the Federal Supreme Court is solely committed to the law in the approximately 8,000 judgments it passes each year — and its autonomy in the administration of the court — it is self-administered, with 38 federal judges, over 130 court clerks and close to 150 staff members in the court services, as well as expenditure / income of CHF 94.9 / 16.1 million (self-financing rate: 17%; Annual Report 2019 p. 13). Furthermore, the Federal Supreme Court exercises direct administrative supervision over the federal lower courts, i.e. the Federal Criminal Court, the Federal Administrative Court and the Federal Patent Court.

The Federal Supreme Court guarantees the fundamental rights and freedoms in various ways. In civil, criminal and administrative law, it is the final arbiter and has the task of providing legal protection in the individual cases submitted to it, but not without limitation. Thus, the facts of a case established by the cantonal or federal lower courts are binding, subject to obvious incorrectness (arbitrary conduct), incompleteness or other violations of the law (especially violations of the procedural principles of the rule of law guaranteed by the Constitution, such as the right to be heard). Since experience has shown that disputes are largely decided at the level of the establishment of the facts (“What happened?”), whereas the legal consequences are usually clear, the task of providing legal protection in the individual case in dispute lies primarily with the courts of first and second instance. Unfortunately, this insight is not in the public domain, as the recent renunciation by parliament of the revision of the Federal Supreme Court Act (BGG; SR 173.110) shows. The Parliament is thus accepting that the overburdening or misburdening of the Federal Supreme Court, resulting from thousands of cases which do not justify appealing the highest court, will continue for an unforeseeable period of time.



The typical task of a supreme court does not concern the granting of legal protection in the individual case at issue, but rather the formation and further development of the law for the purpose of legal certainty (“What is law?”) and uniformity of the legal system in the federal state. Only about one-fifth of all complaints, which are found in the 8,000 appeals, raise legal questions. Fundamental legal questions, which the Federal Supreme Court, as the highest court, is primarily called upon to answer, are raised in less than ten percent of all cases, which is why only two to three hundred judgments a year find their way into the collection of published rulings of Federal Supreme Court Decisions (BGE). It is only in this quantitatively narrow range that the Federal Supreme Court can also act as legislator in accordance with Art. 1 para. 2 of the Swiss Civil Code (SR 210), according to which, if no provision can be inferred from the law, the court should decide according to customary law and, where there is no such provision, according to the rule that it would establish as legislator. The remainder of the 8,000 judgments deal with cases in which merely questions of the facts of the case arise. Within the framework of its (fundamental) legal practice, the Federal Supreme Court can take account of fundamental rights and freedoms by interpreting federal laws in conformity with the constitution.

As a third task, the Federal Supreme Court remains in charge of controlling the other state powers, the legislative and executive. While this is the case with the latter by means of an administrative justice system that is fully developed, subject only to the exceptions in Art. 83 BGG, the Federal Constitution excludes constitutional jurisdiction over federal laws and treaties by declaring them binding on the Federal Supreme Court (Art. 190 of the Federal Constitution; SR 101), but without saying what happens in the event of a conflict. According to a practice that has been in force since the establishment of the (permanent) Federal Supreme Court (1875), international law in principle takes precedence over state law unless the constituent — i.e. the people and the states in the course of adopted popular initiatives — or the federal legislature had expressly wished to deviate from a provision of an international treaty in a field of law that does not fall under the ius cogens of international law. Since some international treaties, first and foremost the European Convention on Human Rights (SR 0.101), contain fundamental rights and freedoms that are consistent with those of our Federal Constitution, the case may arise that the federal law regulation is not applicable in the individual case in question for reasons of conflict of laws — according to the above: indirect, by virtue of the primacy of international law over state law. The last example of this established jurisprudence for the time being is Decision 9C_460/2018 of 21 January 2020, to be published in BGE 146 V. According to this decision, a Chadian citizen who is a recognized refugee residing in Switzerland and who receives an ordinary disability pension here is entitled to supplementary pensions for his children, regardless of their place of residence and nationality, precisely because there are no indications that the federal legislator intended to deviate from the Refugee Convention (SR 0.142.30), which guarantees equality with the natives in this respect, by means of the Refugee Decree (SR 831.131.11). However, this case law does not imply either a concrete (incidental, preliminary) or an abstract control of federal laws. Such a control only exists in relation to cantonal and communal decrees, and has existed since 1875, when state powers were still largely in the hands of the cantons, whose sovereign acts, whether by law or by individual act, threatened fundamental rights and freedoms, and not by the Confederation, which at that time had no fiscal powers, so that it was not to be feared that it would intervene in the moneybag. In the course of the 20th century, state powers gradually shifted to the federal level. As a result of this development, the potential for sovereign intervention that could threaten fundamental rights and freedoms lies with federal legislation. However, all attempts made during the 20th century, most recently following the 2000 judicial reform, to introduce constitutional jurisdiction at the federal level have been rejected at the ballot box or have already fizzled out in parliament. This is an expression of the preponderance of the constitutional structural principle of democracy over that of the constitutional state (rule of law), which has always been confirmed by the people and the states. Remarkably, on the other hand, in the federal referendum of 25 November 2018, the people and all the cantons rejected the attack on the Federal Supreme Court's jurisprudence on the relationship between international and national law, thereby giving it a high degree of democratic legitimacy.

## Prof. Dr. Ulrich Meyer

Prof. Dr. Ulrich Meyer has been a federal judge for 33 years and President of the Federal Supreme Court since 2017. He was born on 28 October 1953 in Interlaken. Citizen of Pratteln BL. Studied law at the University of Bern. Admitted to the bar in 1979. Doctorate 1984. Habilitation University of Zurich 1993. Titular professor University of Zurich. Until 1981 legal officer at the Federal Office of Justice, Legislation Department. Afterwards secretary or clerk at the Federal Insurance Court. Elected as a member of the Federal Insurance Court on 1 October 1986 (President of the Federal Insurance Court 1998 and 1999; Vice-President of the Federal Supreme Court 2013 - 2016).

# The autonomy of the communes – empty words?

**Thomas Scheitlin** | Mayor of the City of St.Gallen

Communes represent an important entity in the Swiss federal state. As agile and indepedent entities they are well-suited to manage the challenges in our increasingly complex and fast-moving world. But are they prepared to handle the towns and cities of tomorrow?

## The autonomy of the communes

Switzerland's federal structure is an extremely crucial factor in its ongoing success. However, for a long time communes were not allowed to have any autonomy. It was only when the new Federal Constitution entered into force on 1 January 2000 that the autonomy of the communes was guaranteed on a constitutional level. This step ensured the recognition of communes as a third level of government. Article 50 of the new Federal Constitution states that the autonomy of the communes is guaranteed according to cantonal law. This was a significant step in the self-government of the communes. As is set out by the report of the Council of Ministers dated 13 May 2015 on the implementation of Article 50 of the Federal Constitution, one important motivation for the drafting of this article was the growing pressure of problems and challenges facing urban centres in Switzerland. In other words, a topic that is very relevant in the current climate too.

After several attempts, the Federal Government also took another step to strengthen the autonomy of the communes. In 2017 the Federal Assembly approved the additional protocol on the European Charter of Local Self-Government. This contains political, administrative and financial principles. Compliance with these enables communes to manage their own affairs with as much autonomy as possible. Communes should be able to administer their affairs in a politically and financially independent manner. In particular, this should be guaranteed with respect to the national central government, in other words the Federal Government, as well as other state bodies (cantons).

Guaranteeing freedom for the communes and decentralised structures should foster agility. Small, agile and independent organisms can manage the challenges of a world that is changing at an increasingly rapid pace better than cumbersome, centrally governed and administered organisations.



## The towns and cities of tomorrow

The Swiss population lives mainly in urban areas. Three-quarters of all inhabitants have settled in cities. This share will increase further. The megatrend associated with this is referred to as urbanisation. Towns and cities are not just engines for growth and innovation; they are also the living environment of the future. Their dynamism keeps entire regions afloat. They are the service and supply centres for an entire megaregion. People live in megaregions, work in core cities or attend educational institutions there, and then spend their leisure time in the areas surrounding the megaregions. People from the core cities rest and recuperate in natural environments close to the cities. This renders these natural landscapes part of the cities. Cities are an attraction as they provide interesting jobs, but they also draw low-income and socially disadvantaged people from the entire region. Due to their function, they are centres of mobility. On the one hand, transport links to other major economic centres are of key significance. On the other hand, dense and well-functioning suburban rail systems are necessary to ensure accessibility within a central city or megaregion. Dense suburban rail networks are essential to enable central functions to be provided in the long term. Accessibility is one of the success factors for ensuring a location is attractive. In future, the widest-ranging forms of mobility will overlap. Problem-free mobility connects an entire megaregion and does not stop at political boundaries. Digitisation will continue to drive forward the intermodality of mobility. However, it will change not only mobility but also the services of administrations. Administrations will provide services centrally from service centres. Smart cities offer a 24/7 service that can be used efficiently beyond the borders of communes. Civic centres will lose their function. A physical presence behind a desk will no longer be necessary.

## The autonomy of the communes of tomorrow

The political boundaries of communes no longer reflect the reality of urban development. The autonomy of the communes in relation to political boundaries can no longer be ensured in urban areas. Interdependencies are too great. Too many things overlap and are closely linked. Political and actual decision-making areas are no longer identical. In other words, what use is a high level of autonomy for the communes and Article 50 of the Federal Constitution if a commune can no longer make decisions alone. Communes are increasingly no longer free when it comes to the realisation of their tasks. There are too many interdependencies with regard to communes within the megaregion. Development must be planned and implemented regionally. Freedoms with respect to planning and implementation are limited. These interdependencies block the system or make it slow. Our structures stem from the founding of the federal state in the 19th century. Topics of relevance in the 21st century are interconnected and go beyond commune boundaries. They exist in functional spheres. As a consequence of interdependencies, the autonomy of the communes is largely disintegrating and becoming a hollow phrase.

## Structural reform necessary



If the autonomy of the communes, as is set out in Article 50 of the Federal Constitution, is to be realised and if Switzerland aims to ensure strong communes, structural reform is urgently required. To ensure that communes are able to regain decision-making freedom with respect to the fulfilment of tasks and regional development, larger communes are required. Merger into functional regions is the only way to re-establish the autonomy of the communes. This will make political regions identical to decision-making areas and spheres of action. This leads to all-round progress. The residents in these areas will also be able to make all-round decisions again. They don't simply have to pay contributions for culture in the central city via equalisation payments; they can also decide whether it is an option they want. In other words, not only is the autonomy of the communes increased, but democracy is too. There is an acknowledged need for action if we are to continue to develop. The Federal Government and cantons are called on to act!

## Thomas Scheitlin

Since 2007 Thomas Scheitlin has been Mayor of the City of St. Gallen and since 2004 Member of the Parliament of the Kanton St. Gallen. He holds a Master of Arts degree from the University of St.Gallen. Before he was elected Mayor, he held various management positions in the private sector. He is President of the Board of Directors of Olma Messen St.Gallen and Member of several foundation boards.

# Entrepreneurial freedom in a large corporation

**Philipp Gmür** | CEO of Helvetia Group

Helvetia CEO Philipp Gmür explains how to foster inventive thinking in large organizations, how employees at Helvetia can wind up becoming entrepreneurs with their own company, and what that has to do with kickboxing.

Terms such as "agility" and "changeability" as well as the opportunity to pursue novel ideas are primarily associated with start-ups and young companies. Nevertheless, I am convinced that there is room for entrepreneurial freedom, especially in a large company. Employees and the organization can benefit from this in equal measure. When it comes to innovation and progress, the focus is usually placed on external investments and partnerships. One important source of innovation is forgotten too quickly: it lies within the company itself, in its own employees. And it is worthwhile to rely on them. Our experience shows this, and at the same time it is reflected in the motivation of our employees, who want to be actively involved in the development process.

## Have the courage to try new things

At Helvetia, we have therefore created a structure as part of the helvetia 20.20 strategy that allows our employees to pursue, elaborate, and further develop their own innovative projects: the Helvetia Kickboxing program. Together with the start-up incubator Bluelion, which is committed to promoting entrepreneurship in Switzerland, we have established this tool at Helvetia. The aim is to drive forward promising projects, support their implementation, and promote the entrepreneurial thinking of our employees. And with success: The Kickbox program has shown a positive effect on the spirit of innovation within Helvetia. Twice a year, five to ten so-called "red kickboxes" are awarded to various employees to help them further develop the innovative projects they submit. The red kickboxes mark the start of a two-month project phase during which the project is validated and elaborated. During this time, the participants receive training in innovative working methods and coaching, in addition to a small budget, and around 20% of their working time. Just give it a try, is the motto. I am always enthusiastic about the creative, novel approaches — and also about the courage our employees display when they present them to an audience.

## From the Kickbox to entrepreneurship

After two months of intensive idea testing, the results are presented to an internal jury. If the project receives approval, the idea contributors receive a blue kickbox to concretize the idea for another six months and check its feasibility. In this further development and learning process, employees can gain valuable insights and are enabled to tackle ideas and the implementation themselves. In this way, our Kickbox program makes an important contribution to establishing an innovative corporate culture. The end goal is to secure a golden kickbox. Those who achieve this can pilot their business idea in a long-term setup. At the end of the process, it is possible to spin off your business into your own company or implement the project in Helvetia's core business. Various start-ups have already emerged from Helvetia. The most recent example is Adresta. This young company makes all the important stations of a watch accessible to manufacturers, dealers, and buyers on a blockchain.

## Employee potential

Our kickboxing projects are thematically very diverse: from technologies such as blockchain to insurance-related developments to, for example, a platform of virtual art galleries, there is room for everything. Since complementary topics are promoted alongside innovations in the core business, all employees can actively participate in the company's innovation process and make their contribution to the further development of Helvetia The kickboxing projects show that many good ideas are slumbering in our employees and that they surely know how to make use of entrepreneurial freedom. I am therefore convinced that there is still a lot of potential for inventiveness left to explore in our ranks.



## Philipp Gmür

Philipp Gmür (1963) has been CEO of Helvetia Group since 2016. In addition to studying law at the University of Freiburg (Dr. iur.) and at Duke Law School (LL.M.), he is a member of the Swiss bar. He also completed the Advanced Management Program at Harvard Business School. After working as an attorney and in administration, Philipp Gmür worked as a secretary at the Lucerne Court of Appeal. In 1993 he joined Helvetia Versicherungen, then known as Helvetia Patria. From 1995 onwards he was general agent in Lucerne, from 2000 on head of sales and member of the management of Helvetia Switzerland. In 2003 he became CEO of Helvetia Switzerland and member of the Executive Board of Helvetia Group.

Philipp Gmür is, among others, a member of the board of the Swiss Insurance Association SSV and economiesuisse, a member of the board of trustees of Avenir Suisse as well as a member of the board of directors of the Swiss Insurance Association.

# “Most important is to solve any health topics in our societies which is on a critical path already and shows major gaps in our system”

**Dr. Klaus-Peter Gushurst** | Leader of Industries & Innovation at PricewaterhouseCoopers (PwC) Germany



In this interview, Dr. Klaus-Peter Gushurst talks about corporate management, innovation and leadership. He talks about how these factors will change in the future and how they vary in different structures.

**At PwC, your responsibilities include innovation, corporate management and leadership. To what extent has the business leader of 10 years ago changed compared to the business leader of today?**

If you look back 10, 20 years, business leaders have always worked on two key areas. One was the strategic development of the companies and in particular the fact that from a P&L perspective, especially with regard to shareholders, leaders tried to manage the company with a strong focus on profitability. It was important that the company leaders lived in a more hierarchical structure than they do today and led top-down. Today and in the future, business leaders have to be more aware of the need to work in an agile business environment with multiple decision trees. Above all, the topic of disruptive tendencies has become important for corporate management, as the question arises to what extent strategy can be planned ahead 5 or 10 years. The core capability of a leader to develop and execute a coherent strategy is challenged due to the increased complexity and dynamics of the business environment. This means that constant learning, an open mind-set, and the ability to lead the company under these circumstances has reached a new level of leadership skills.

**What do companies and corporate leaders need to pay particular attention to and how do they keep their leadership position in the future?**

We have carried out CEO surveys over the last 20 years and have seen that the attrition at the board level is on the rise, particularly in the DACH region. Therefore, there are three topics that have to be considered. Firstly, you should choose the board of directors and the CEO carefully with the expectation that a CEO will be in office for more than 3 to 4 years (…which is mostly not the case!). This is critical as to address the strategic issues and to avoid creating an artificial pressure situation in which the mere P&L orientation gains superior importance. The second is the issue of diversity. We still have the problem that the boards of directors are not diverse. Not only in terms of gender or minority groups, but also in terms of educational background. If you look at German boards of directors, they are still strongly influenced by the overrepresentation of traditional university graduates. So, it would be quite good to have a more diverse educational background, e.g. people who bring in other  perspectives and experiences. Then the topic of internationality. In some sectors, e.g. the pharmaceutical industry, we usually have very international board members, but most German companies are still dominated by “Germans”. Especially when you take into account that we have 50-70% of revenues from exports (Asia, US), it would of course be logical to appoint board members who come from outside Germany, for example from America or Asia. And the last thing I have always seen as a result of my consulting work is that the board members, who are authentic and who have demonstrated a certain value orientation in their professional life, and I would go so far as to say in their family life, are usually the ones who can perform this orientation function towards the employees and the firm´s culture.

Value-based leadership will become even more important for the long-term success of corporations "Values create values".

**Are there any differences between family businesses and large companies in this respect?**

Of course family companies are also interested in the success of the company, but the tradition and history of the company and possibly also the involvement of one's own family plays a completely different role. This means that many of the business decisions are made with a time horizon of 10+ years. Usually, such decision making is positive for the given company, demonstrated in the thriving development of German family businesses. When you talk to family entrepreneurs, you get a completely different and holistic view of the company than if you were to talk to a pure group board member. Of course, when it comes to governance, the role of the supervisory board or, in the case of family businesses, the shareholders' meeting is highly important. One should not panic and constantly change the CEO but should carry out the CEO selection very thoroughly and cooperatively coordinate the agenda that will take the company at least 5 years forward.



**In an interview with PWC on the study "New Entrants — New Rivals", you warned that the digital transformation and the speed and force of the disruption it entails are still underestimated by many management leaders. What more needs to change for companies to master the digital transformation?**

In the study we pointed out that traditional industry structures are disintegrating. Let me give you a small example. In the last three years, the automotive industry has acquired over 400 companies, primarily in the area of start-ups outside the traditional automotive industry, in order to bring new skills and competencies on board. One example is the automotive and health industry: How can the automobile be geared towards collecting health data in the future? New structures will be created or appropriate start-ups acquired. Bringing these competencies and capabilities on board naturally causes problems, as companies generally tend to take on acquisitions and put their own structure over them. This has gone wrong for many companies. As a result, they have a relatively high attrition rate among start-ups. So, the lesson is clear: when you make such an acquisition, especially outside the core industry, you must be willing to take a certain amount of risk in order to guarantee a degree of freedom.

**In this context, do you see the appointment of a 'chief digital officer' as an effective measure to drive transformative change, or is this a role that should be taken over by existing board members?**

I think it depends a bit on the maturity of the company. For companies that are just starting out with digitalization, it is recommended to appoint a chief digital officer, possibly at the top level, as many companies have done. However, it is also important that the interfaces to the other board positions are clear, as grey areas often arise and to some extent classic line managers see themselves as key responsible for moving the digital transformation forward. In companies that are far advanced in digitalization, such as the telecommunications or media industry, I would say that digital transformation is part of the DNA of every board department. It is not just about front office transformation or the introduction of Industry 4.0 and so on, but also about driving the internal digital transformation forward — workplace of the future, upskilling of own employees and so on. Each board department should take some responsibility for this and ultimately the CEO as the top leader must be able to communicate this digital transformation well, both internally and externally.

**In your opinion, how important is employee freedom to keep a company innovative, modern and agile?**

In general, I would say that the degree of freedom is extremely important. The topic of creativity has taken on a completely different dimension. The key issue that you have seen over the last 5 or 6 years is that many of the needed innovations are difficult to come from within the company. As a result, business leaders need to deal with working within an extended ecosystem, for example with start-ups or digital boutiques. At the same time, they should also hire employees who may have different profiles than in the past. These employees must be given organizational freedom, e.g. units or entities that are less influenced by hierarchy should be created for work in a more open environment.

**And to what extent are young companies & start-ups supported by PwC?**

We have various programs. Firstly, we challenge every industry leader to scan the market for innovations, specifically in start-ups, and to understand as well as integrate certain appealing innovations. Secondly, we have our own unit that only deals with start-ups. Therein we analyze individual industries, which start-ups are currently on the market, which products they have and how their chances of success are. We then organize so-called “Next Level” Start-up structures, where we coach the start-ups helping them progress in terms of presentation skills, financial stability and corporate management issues. In industry fairs we bring them together with our industry mandates and potential investors who are interested in seeking and developing start-ups.

**Climate change and pollution is an increasingly international issue. How does this affect the governance and corporate values of globally active industrial companies?**

This will be “the issue” for the next 5 to 10 years and it has various implications. As I said at the beginning, corporate leaders used to look closely at shareholder value. What we see today, however, is that shareholders or stakeholders pay close attention to whether a company is moving towards sustainability. This becomes clear when you look at BlackRock, for example, who said that they only invest in companies that include sustainability on their agenda. The KPIs in the company will also change. New topics like CO2 emissions and CO2 neutrality will become important KPIs in many areas. We should not underestimate the pressure from the public and the media, who want to see that companies that are forward-looking are positioning themselves differently. There is, of course, one major difficulty: I believe that there are many misunderstandings and false paradigms in people’s minds and that the topic of CO2 emissions is sometimes too ocused on individual industries, for example automotive or airlines.

**And what role does sustainability actually play in innovation processes?**

On the one hand, all innovations should be part of how you judge innovations. And then, of course, there are industry-specific topics such as autonomous driving or CO2-free flights, or even compensation payments that customers may make to improve the CO2 balance. However, at the moment at least in the German-speaking world, customers are happy to talk and think about CO2 emissions, but are not prepared to pay compensation. We have several companies as clients who have implemented measures where, for example, a contribution is made to flight bookings so that the flight is CO2-free. However, the percentage of those who follow these measures is currently in the range of 1-3%. I believe that the change will be even stronger here. To come back to the topic of innovation, sustainability is an absolute important area of innovation for us as consultants, and we also take measures internally. Every month we track the CO2 emissions caused by our travel activities for example. We also try to run our offices in a very ecological way in order to turn off certain issues and to make progress in PwC’s CO2 neutrality.

**In 2005, together with Gregor Vogelsang, you published a book entitled “Die Neue Elite”, in which you discuss why our society needs an elite, which elite we will need in the future and how a new elite can be promoted. Since the concept of elite often leads to misunderstandings and problems of acceptance, the first question that comes up is what your notion of an elite is?**

Yes, this is a sensitive topic because especially in Germany there is a very tense understanding of what elites are, and particularly in German history elites have undergone some disastrous developments in terms of value orientation and their impact on society. I think what is important for elites today are two issues. One is that elites must show leadership, i.e. take responsibility and behave in a strongly value-oriented way. They have to exert influence, not only by publishing things conceptually and in terms of content, but also by trying to influence certain topics in their individual areas, namely society, politics, or the economy. Further, the topic orientation is of significant importance to us. Elites should provide points of orientation, especially as for employees. They should take a long-term view and critically reflect on the individual decisions they make every day. We have summarized this under the concept of the LEO principle — leadership, exerting influence and providing orientation — and we still think that the impact on a company is enormous, especially with regard to value orientation. “Values create values” as we experience with our clients. Companies that are value-oriented tend to work very long-term, have a lower attrition at the management level and have a strong tendency to deal with social issues more strongly and not just commit to the shareholder principle.

**Based on the results of the Pisa study at the time, you pointedly formulated: "As far as education is concerned, we already live in a class society again and do not even notice it. At the same time, you demand that everyone must have the chance to become an elite and that there should be no standardized elite education. What does the situation look like now, 15 years later? Has the advancement of children from socially disadvantaged backgrounds become easier?**

What we see, especially in the Anglo-American area of the US & England, is that children from wealthy families have more chances of advancing through private schools and universities than children from socially deprived families because of the fees they have to pay, despite sponsorship programs. Incidentally, it's very similar in France: if you don't study at a grande école, you are already second class. I believe that we have an open system in Germany. Universities are freely accessible, anyone can go to grammar school, socially disadvantaged families are also supported through certain student and pupil programs, which is very good. An important issue is that companies have to be prepared to support pupils and students from socially disadvantaged families. In most cases they have the advantage that qualities such as motivation, commitment and the energy to get ahead are much more pronounced than in the case of pupils and students who come from wealthier families. Of course, we have an education problem in Germany. When I look at schools or sometimes universities, we are behind in the area of digitalization and some adjustments need to be made with regard to the learning material. We also need to get the next generation through the education cycle much faster. Admittedly, there have already been some changes, e.g. the introduction of bachelor's and master's degrees, which is a good step, but the second thing is also practical orientation. That's why I don't believe, and I can see this internally, that the classic path — a great Abitur, fast studies, good grades, then entry into companies, etc. — is always the right one. Many people should also take the path of perhaps first getting vocational training, then further focused training and lastly joining a company. Why is this important? Because we often see that the topics of social competence and emotional intelligence simply have to be promoted through practice-oriented training.



**Currently, many industries are feeling the global uncertainty caused by Brexit, trade conflicts and economic sanctions. Which characteristics and skills will be particularly important for elites in the future?**

This is a very complex topic. We see the tendency that Europe is finding itself caught between the US and China. These blocks stand in competition to each other, which largely overshadows European trade concern. Especially in the area of innovation, e.g. cloud technologies, we are simply too small and fragmented in Europe with the consequence, that many successful start-ups tend to go to the USA instead of staying here in Germany. Elites must be a mouthpiece here. On the one hand, they should act as an interface between board members, CEOs and politicians. That also means clearly articulating the economic agenda and doing so in a consensus with all the social partners. In other words, not only argue in a purely neoliberal way, but also try to involve workers, unions and social groups. On the other hand, one must of course also do good groundwork in terms of content in order to recognize the influences on the company that may come from the global economic situation and then also be prepared to make corresponding decisions. These can sometimes be very tough and can also lead to the relocation of production facilities and research and development centers abroad.

**Currently, the coronavirus is causing concerns. How will the coronavirus affect the economy and how big do you think it can be?**

I am not a medical doctor, but the economic impact is already visible and massive. As most of us, I listen to the experts what will happen and what we can do to protect our families and friends. Most important is to solve any health topics in our societies which is on a critical path already and shows major gaps in our system.

We have interruptions in value chains and effects on the supply side. Many of the products can currently not be delivered which will led to issues like short-time work, temporary factory closures and revenue shortfall in all areas of the economy. The demand broke down in a major way and will need years to recover. On the other hand, I am confident that especially Europe and the EU is reacting and is trying to build up the appropriate protective measures for our society and economy. Of course, nobody knows what will really happen post the pandemic break. This will lead to considerable economic repercussions, i.e. recessions everywhere, unemployment will go up and will impact the global economic climate in a major way. So, we all hope that the virus will get under control and that in a few months' time we will see that we make good progress against COVID-19 and our economy survived the outbreak. Resilience will be the new topic in Executives circles for the coming years and will lead to changes in footprint, value chains and governance.



**Dr. Klaus-Peter Gushurst**

Dr. Klaus-Peter Gushurst is the Leader of Industries & Innovation at PricewaterhouseCoopers (PwC) Germany. His consulting work focuses on corporate management, leadership as well as strategic transformation. Previously, he was a Top Executive and Senior Partner at Booz Allen & Hamilton Inc. / Booz & Company for many years, Management Director of the Executive Board for the DACH region and member of the worldwide Board of Directors.

Most important is to solve any health topics in our societies

# “Modern business management presents increasingly tough challenges when it comes to communication skills”

**Dr. Nicola Leibinger Kammüller** | CEO of TRUMPF, leading in laser technology



In her interview Nicola Leibinger-Kammüller is giving insights in the challenges of leading a traditional family enterprise, how TRUMPF is recruiting new talents and how her academic background as a philologist helped her in a laser technology company. Furthermore, she talks about the role of women within this industry sector and the importance of a dialogue between business and politics.

**You are the CEO of a traditional family enterprise. Do you experience any particular benefits or constraints in the management because of the familial structures?**

I do get asked that question every now and then, and over the years, my answer hasn't changed. As I once put it: if things are going well, the family-owned company is the best possible type of enterprise with a view to rapid decision-making, fast implementation, shared values, and a specific corporate culture. If the family members don't agree and there are constant disputes about the company's strategic orientation (which, thank goodness, isn't the case at TRUMPF), the family-owned company can certainly be the most difficult type of enterprise too. Not to say a bit of a nightmare.

**As a graduated philologist, you're an expert in languages and literature studies. How can you personally benefit from your broad knowledge in your working life as an entrepreneur, and how important a role does communication play for you?**

Modern business management presents increasingly tough challenges when it comes to communication skills, one might also say, integrative skills. It's not only markets that are different, and often more heterogeneous, than they were before — employees, and social surroundings, have changed as well. These days, simply being a specialist in your field is no longer enough (if it ever was). Right now, and especially in times of crisis like these, it's more about creating a "home" for employees, providing a sense of purpose in addition to simply making a living, and being present in the public dialogue. Ducking issues, inwardly or outwardly, or hiding behind statistics, no longer works today. In that regard I'd say that my studying the humanities was helpful. Far more important than my studies, mind you, was being born into the family firm — into something that was there every minute of every day.



**In 2006, the Manager Magazin wrote about you "TRUMPF-Chefin: Eine Frau mit Haltung" (TRUMPF boss: A woman with attitude). What is your attitude towards freedom in the age of digitalization, what challenges is society facing regarding modern technologies, and how can family businesses like TRUMPF remain competitive in times of globalization?**

Attitude and values are important and indicatory — especially in the age of digitalization, of communication, and of "social media bubbles". People don't always see technological change as an opportunity, and they're sometimes slightly unsettled by it. But it is necessary, especially for the manufacturing industry, surrounded as it is by competitors from all over the world. In fact, it's essential for our survival, enabling us to maintain our competitiveness in an increasingly tough global environment. In that regard, being a part of this transformation and identifying opportunities is something that's extremely important to us as a company.

**How do you manage to balance your personal freedom and your duties as CEO? How important is it in your opinion that employees should be free in terms of their working hours or decision making?**

I feel that the frequently-used term “work-life balance” is actually wrong. It suggests that "life" is something that takes place outside of work, and is strictly separate from it. To me, that sounds like the social doctrine of the 19th century, when the concept of capitalism came into being. In truth, our working life shapes our everyday life in a positive way and is just as conducive to personal development as our leisure time. Everyone has to find the mix that is right for them. I’ve found mine. And, depending on the economic situation, and as far as operational procedures allow, we also offer our employees the freedom to organize their working hours. However, despite all the emphasis on open individualization that is typical of the so-called Generation Y, the well-being of the company should never be up for discussion. And so far that’s worked out just fine for us.

**TRUMPF finds itself in a very competitive environment with 3D printing. Good engineers are very important in order to keep the leading role in this industry sector. How does TRUMPF manage to win young talents for the company and are there any efforts to make students aware of TRUMPF through university marketing?**

Additive manufacturing is just one of the areas with a shortage of skilled workers. Engineers, especially IT specialists, have been in demand for years — and we do a lot to get into contact with potentials for TRUMPF at the universities, at employer branding events in the company, on Social Media channels, to name just a few. If you’re located in a region with highly attractive employers like Daimler, Bosch and Porsche, who act rather like “vacuum cleaners” in the recruitment market, you certainly have to be inventive and creative as a B2B company. At TRUMPF, alongside attractive jobs, we also offer a special corporate culture — at any rate, that’s what our new employees tell us. And wherever the future is being created — whether it’s e-mobility, energy-saving construction, or the coating of microchips — tools from TRUMPF are there too. Who else can say that about themselves?

**According to a study by Handelsblatt, female board members are still a rarity. TRUMPF has set the target of the proportion of women in management to be 16.7 percent and for the Supervisory Board 33 percent. How do you think these targets will evolve in the future?**

I’m no fan of quotas. We need an industry-specific perspective on the cohorts of executives that completed their studies ten or twenty years ago. The cohorts in the mechanical engineering sector are obviously not the same as those in linguistics. That’s why we always have to foster the objectively best people for the benefit of the company and its workforce, irrespective of gender — even if that position isn’t exactly en vogue politically at the moment. Young fathers also need support when deciding whether to take parental leave and also when returning to work again. This is why TRUMPF has such a strong focus on innovative working time models which are the best support not only but still mainly for women.

I’ve found that women sometimes don’t want to take the next step, or don’t trust themselves to do it. We support them there, we show them that it’s possible, and we point out female role models. And I’ve introduced a "secret quota" because I always want a woman among the candidates for certain posts. Ultimately, though, the decision has to be made as objectively as possible on the basis of professional competence and personality. Anything else would, in my opinion, constitute discrimination against men.

**In an interview with the newspaper „Welt“ in September 2018 you criticized that it would come to an estrangement between business and the government, besides personal contacts. Do you think that this development has changed in a positive or negative way during the last year, and where do you see the main areas of conflict between business and politics?**

When I mentioned the estrangement between business and politics I wasn’t referring to summits, top-level talks, or other such public discussions. There’s no shortage of those, especially when sustainability and other issues of common concern are on the agenda.

What I miss is an increasing empathy for the problems and everyday worries of many companies when it comes to issues such as taxation of the German economy in international comparison with our main competitors, or documentation obligations. Our work-time regulations are still too rigid, we have all the complex requirements in the building sector, and so forth. This is where, on the negative side, I can see the danger of many entrepreneurs — especially those from small and medium sized companies — dissociating themselves inwardly from the political logic in Brussels and Berlin. On the positive side, though, if there were a stronger rapprochement, I also see an opportunity to make the framework for our innovative German industry more competitive again for the years to come.

**Dr. Nicola Leibinger Kammüller**

As CEO of TRUMPF, leading in laser technology, Dr. Leibinger-Kammüller is amongst others responsible for strategic corporate development, corporate communications and human resources. Born 1959 in Ohio (USA) her studies focused on languages like German, English and Japanese at the universities of Freiburg, Middlebury, VT (USA) and Zurich, receiving a PhD in philology. After working in the press and public relations department for the TRUMPF Group since 1985, she operated for the TRUMPF Corporation in Japan from 1988 to 1990. Earlier in her career she was Managing Director of the Berthold Leibinger Stiftung GmbH, partner and later Managing Director of TRUMPF GmbH + Co KG before she took over as Chairman of the Management Board of TRUMPF GmbH + Co KG in November 2005.

Dr. Leibinger-Kammüller also performs in numerous honorary functions in the scientific, cultural and social areas and is a member of the Supervisory Board of Siemens AG, of the Advisory Board of Landesbank Baden-Württemberg and BW-Bank.

# “We aim to translate the customer’s questions into solutions and to constantly reflect and develop the concepts in times of constant change”

**Michael Müller** | Lila Logistik founder

In his interview Michael Müller is talking about the future of logistics in times of digitization, advices he would give young entrepreneurs and the importance of sustainability. He also explains the role of sports in his life and what he could learn from it regarding his career.

**For some people becoming an entrepreneur is the ticket to freedom: Freedom to make your own decisions, freedom to decide when you work, and freedom to be your own boss. However, for many people becoming an entrepreneur can be a big risk too. In 1991 when you founded your company "Lila Logistik" what made you decide to take this big step?**

At the age of 13 I was already able to gain my first experience in the logistics industry. My father was back then the director of a Swedish company forwarding agency and I had the opportunity to work there sometimes after school to supplement my pocket money. This gave me an early insight into the industry and I was able to follow the development over the years and learned my lessons from it. After the typical way via A-levels, an apprenticeship as forwarding merchant and my study of business administration, I wanted to start with new ideas, go my own way and take my future into my own hands. When I started as a freelancer at the age of 25, with no family yet and no financial obligations, the world was waiting for me to conquer, so to speak. Very early it was clear to me that I did not want to be a classic transport company, but rather to discuss solutions and potential with customers instead of negotiating transport prices. Then as now, the goal was to use new conceptual solutions as door openers to gain access to my customers.

**What advice would you give to aspiring entrepeneurs or your younger self in 1991?**

If you have an idea, you should follow it when the opportunity arises and not be led astray at the first headwind. Nowadays it is important to think laterally and in a new way in order to be able to offer new solutions to the customers and to be one step ahead of the competition. It is always good to get in personal contact with people, to exchange ideas with experienced people but also to always have your own opinion. In this way, you constantly receive new input on the one hand and on the other hand you can develop yourself further.

There are of course also mistakes that you should not make as an entrepreneur. So I think that you should never throw cultural and core elements overboard, but always preserve and protect certain things. In our case for example, this is our brand colour (= lila) purple and the philosophy behind it.

**Your aim was to found a logistics company of the future, and in retrospect you succeeded. From todays perspective, how do you assess the future of the logistics industry? What changes can companies like "Lila Logistik" expect?**

Regarding the economic development of the logistics sector, the prospects of clients in industry and trade are decisive. In logistics, new business models can be expected to reach consumers — collaboration is a keyword here. In addition, the existing business models will be further developed. Digitization will certainly provide new opportunities to leverage efficiency potential in the future. One point will be artificial intelligence. It has great potential to make a difference in the logistics industry. It could provide logistics companies with reliable data more quickly, make their processes more efficient and thus better optimise their customers' supply chains. To prepare ourselves for the future, we have rolled out a strategy process internally as early as 2016. To do this, we looked back over the past 10 years, looked the same time into the future and then thought about what should be preserved and what we should change. On our way into the future, we want to keep looking left and right, but remain true to our core business. This means that we are constantly developing and, in addition to consulting and conception, we also take on implementation, which includes not only transport, but also order picking, pre-assembly and other value-added services, which we summarise under the term Value Added Services. In doing so, we aim to translate the customer's questions into solutions and to constantly reflect and develop the concepts in times of constant change.

**Thinking about the future of economy one of the main buzzwords are digitalization, artificial intelligence and "Internet of Things" (IoT), which will lead to massive changes in many economical branches. How do you evaluate the influence of these developments on the logistic sector? Which opportunities and threats is "Lila Logistik" facing?**

Digitization will change a lot, both on our operational level and on our consulting side, as well as across the entire logistics industry. However, I would point out that the business models within the industry will remain the same. Supply chains continue to grow together into networks. However, certain specializations in the IT sector require much more know-how than before. That's why we are currently focusing on administrative factors with the aim of monitoring and controlling the growing flow of information in the supply chain. The truth is certainly in between the analogue and the digital world and is nourished by both aspects and in the end hopefully common sense will play a role.

All in all, the forthcoming changes brought about by digitization do not pose a threat to us. Rather, it offers us another instrument for our "logistics orchestra" and it will provide further opportunities for cooperation.

**Logistics companies are generally very dependent on economic cycles. The coronary virus has a dampening effect on the international economy. How does "Lila Logistik" deal with such a problem?**

After two successful financial crises, this is the third crisis for us — but this time with completely different dimensions. This time all social classes, industries, old and young are affected by this global crisis. We at LILA follow the guidelines issued by the authorities and take all necessary precautions to protect ourselves, our employees and business partners. Of course, in the end we are also dependent on the production volume of our customers. If our customers stop production, then our operations will also come to a standstill. However, we are well positioned due to our broad positioning and are therefore not dependent on individual industries. In times of the corona virus, for example, when the automotive industry is temporarily at a standstill, we at LILA can continue to maintain the supply chain for our customers in the medical technology or food industry.

**You are known as a passionate sportsman. How do you manage to include sports regularly in your busy everyday life and how does your activity influence your creativity as well as your job-related endurance?**

As it is generally known, sport is a great way to balance out everyday working life and helps to clear your head. It gives me a lot of energy and also creates space for new thoughts and ideas. In addition, for me an improvement in physical performance goes hand in hand with an improvement in mental performance. The human body feels most comfortable when it is supported and is then able to achieve top performance — both in sports and at work.

**Success in sports often depends on team work, discipline, stamina and of course passion. Those values can also be transferred to the world of economy. In your experience, which "lesson" taught by sports was the most valuable to your business?**

One of the core elements that I have been taught through sport is the following sentence: "You win as a team and you lose as a team". At LILA, everyone stands up for the other and thus we can achieve great things together as a team. Of course, it is always important to have the right "team" around you, on the one hand to be successful and on the other hand to feel comfortable and to develop in the best possible way. Another important point for me in this context is the openness towards new things, but also towards employees and business partners. On the one hand, openness makes you vulnerable, but on the other hand it also gives you a lot in return. This can be in the form of new ideas, impulses or fresh energy for yourself.

**"Lila Logistik" is an international operating company. How do you deal with intercultural differences and expectations of your customer?**

Our first customers were all American companies, probably because they were open towards us and our new concepts as a so-called start-up at that time. Dealing with intercultural differences is therefore not foreign to us, on the contrary, it is all the more important because a different culture has been very supportive. In general, we attach great importance to respectful interaction with each other — both inside and outside our organization.

**Lila Logistik has been committed to sustainability for a long time. How important is sustainability in your corporate culture and has this changed since climate change became an increasingly important topic in recent years?**

The issue of sustainability played a role in our company at a very early stage. The first social project took place in 1995. Nowadays, each of our locations carries out its own social project at least every 2 years.

Projects are chosen that have something to do with children in need or with people with disabilities. For example, gardens in schools have already been beautified, new playgrounds or summer houses in kindergartens have been built or rooms in children's clinics have been repainted.

When it comes to sustainability, however, we focus on all three aspects — ecology, economy and social issues.

Keeping this in mind, the ecological aspect is also of particular importance due to climate change. That is why we at LILA are constantly working on minimising our CO2 footprint, saving energy and reducing waste — all of course under economic aspects.

For our commitment in the area of sustainability, we were awarded the German Sustainability Prize as a pioneer in logistics as early as 2011, and this at a time when the topic of sustainability was far from being as far-reaching in people's consciousness as it is today.

## Michael Müller

Michael Müller is the founder of LILA Logistik and the visionary and strategist in the company. By consistently aligning services to customer requirements and possibilities of the future, he is constantly advancing the company. Becoming better is a matter of course for the passionate sportsman who also takes his social responsibility seriously. Important stations in his life was his apprenticeship as a forwarding agent at Schwenker, followed by his study of business administration with a focus on logistics at the University of Nuremberg. In 1991, he started to build up the Müller - Die lila Logistik AG and, as Chairman of the Executive Board, he is responsible for strategy, sales, consulting and corporate communications.

# Freedom and leadership

**Fabian Kienbaum** | Chief Empowerment Officer (CEO) of Kienbaum

In his article Fabian Kienbaum is reflecting on the significance of freedom nowadays and its implications for leadership. He points out the importance of a considerate handling of freedom in times of "New Work" and the responsibility of anyone who wants to connect freedom and leadership.



Just a few weeks ago, in February 2020, I was thinking about this contribution on the subject of “freedom”. Of course I thought of Rosa Luxemburg and her sentence: “Freedom is always and exclusively freedom for the one who thinks differently”. I was thinking of the former German Federal President Joachim Gauck, for whom freedom is part of a word pair of which the other half is responsibility. Such a way of thinking fits well with me growing up in a family of entrepreneurs, which allowed my siblings and me a lot of freedom, but which was always connected with the question of what we wanted to use it for. I also thought of the great freedom philosopher John Locke, who linked freedom with free will and thought about its limits.

That was — as I said — a few weeks ago. Today I am revising my draft in the light of a global pandemic that is threatening our health, that has brought the economy to a standstill and that has severely curtailed our freedom as we knew it. There will, of course, be a time after that, but I am sure that we will remember the present day as the fossilized remains of a prehistoric creature. And if I can’t get the phrase by the publicist Christoph Keese “We have to give up our freedom in order to preserve it” out of my mind today, then it is because it is worthwhile to think about our freedom in a new way.

In our liberal society, “freedom” was a word that came along like a worn out staircase: it leads to the destination, but when it gets too steep, we take the lift. We want to get there quickly, but please: it must not be too tiring. I once experienced an event where the moderator the warm up question, whether we would rather give up our right to vote or our mobile phone. A majority for the right to vote did not come about. In a democracy, voting means securing your freedom. But we have obviously become so accustomed to our freedom that we can no longer even taste the fruits of it: freedom of conscience, freedom of belief, freedom of opinion and the press, freedom to choose a profession, freedom of assembly, freedom of research; the freedom to form associations, citizens’ initiatives, trade unions and political parties.



But what freedom of conscience is there in the face of threats to health and life? Whoever opens up this threat scenario closes the door to any debate on freedom. Life comes first and freedom comes second. That is what our conscience commands us to do.

This is where John Locke comes into play again: „It doesn’t always happen that the greatest and most pressing uneasiness determines the will to the next action” he writes in his “Essay Concerning Human Understanding”. In the present situation, this means that the immediately visible necessity to put health first gives our will a direction that ultimately limits our freedom.

Locke further argues that in most cases the mind has the power to pause the desire of satisfying a wish. “In this lies man’s liberty” he writes. The German philosopher Friedrich Nietzsche goes even further when he states that man is not an individual, thus something indivisible, but an “dividual”, thus something divided in itself. On the one hand he is driven by his desires, but on the other hand he can give himself orders. Freedom, therefore, did not lie in self-discipline, but in overcoming oneself. Consequently, Nietzsche celebrates asceticism as the triumph of freedom, and thus, at least in Western societies that are characterized by consumption, he might encounter a lack of understanding today.

In times, in which a pandemic with its possibly life-threatening consequences calls our existence in its present form into question, the intention to assert one's freedom against the satisfaction of one's wishes, however, applies only to the very few. Those who put the desire to survive first — and these are the vast majority — put their freedom back in the twinkling of an eye. But do they preserve it? Is freedom really a diamond that can be packed up and locked in the safe, only to be as brilliant and valuable when unpacked, as Christoph Keese predicts?

I believe that imprisoned freedom is a freedom that is in grave danger. It is in danger wherever there are people who no longer appreciate it and therefore do not constantly demand the immediate release of freedom. It is in danger wherever a legal system that is independent of situations and moods does not guarantee its continued existence. Just as responsibility is part of freedom, so is the law, that enforces freedom, its necessary companion.

In addition, there is the liberal attitude that allows people to determine their own goals and values as long as they do not restrict other people. It is the attitude of Rosa Luxemburg, who on this point reveals herself to be a liberal freedom fighter and rejects any system that claims to be absolute. No image of humanity should be binding except that of self-determination.

Approaching the topic of freedom without placing it in a religious context does not work. Our roots originate in the Christian Occident. Easter, which is taking place in these days in which I am writing this text, a Christian festival is taking place that is central to the concept of freedom. Jesus' death on the cross is a symbol that he withdraws from a system of domination of unfreedom and, through his resurrection, enters the Kingdom of God, where freedom reigns. The belief in the resurrection, which is manifested in Easter, is thus an anchor of freedom in Christianity. Not without reason did Martin Luther's reformation efforts in the 16th century fall on fertile ground, especially among the peasants who fought to end their lack of freedom as serfs. Luther's writing "A Treatise on Christian Liberty" is central. Among other things, Luther refers to the Letters to the Romans, which state: "Believe in Christ, in whom I promise you all grace, justice, peace and freedom (...) For what is impossible for you with all the works of the commandments, the many of which may be of no use, that will be made easy and brief for you by faith. The Christian community is thus described as a community of free men, which in its faith in the resurrection also carries the idea of freedom in its earthly life.

Freedom has a religious component, it goes hand in hand with the responsibility it gives you, it can only be permanently enforced together with justice, and it finds its natural limitation where it limits others — all these are components of my idea of freedom.

In addition, there is an aspect that is central from the point of view of a Kienbaum consultant, as I am, too: it is the interplay of leadership and freedom. We at Kienbaum have introduced the principle of New Work, and we also advise our clients on this way of working, depending on the project and the task at hand. New Work means more autonomy and thus also more responsibility for the employees, fewer hierarchies, more networking. It means more freedom, but it also means that employees are obliged not to cause harm to others or to the company.

Such leadership requires a high degree of communication and is certainly more strenuous than a system based on command and obedience. The mere recognition that one's own actions can harm others does not necessarily imply much. Only when this results in an attitude of respect in the sense of respect for the dignity of all people it has consequences for oneself. The possibility of such an attitude is an essential component of human freedom, for it cannot be forced by any authority. Respect in this sense is often expressed in companies' system of values. Here, the role of leadership is often particularly clear, namely in the way values are communicated and lived. Anyone who wants to bring together leadership and freedom should therefore first of all preserve a role model of a Christian-Western and politically sensitive attitude towards freedom.

**Fabian Kienbaum**

Fabian Kienbaum has been Chief Empowerment Officer (CEO) of Kienbaum since January 2018.

He advises family businesses regarding succession situations and is the author of numerous articles on leadership and New Work. Before joining Kienbaum in 2014, he worked for an international management consultancy in London and was a Bundesliga handball player for VfL Gummersbach. Fabian Kienbaum obtained a Bachelor's degree in Business Administration in Cologne and studied international management at ESCP Europe. In 2011 he graduated with a degree in business administration, Diplômé de Grande École and Master of Science.

He holds advisory board roles at Heraeus Bildungsstiftung and StartupTeens and has a mandate at the board of directors at the leading Swiss online job market Jobcloud.

In 2017, Fabian Kienbaum was named “Young Elite - Top 40 under 40” by the business magazine Capital in the category of entrepreneurs.

# “A technological shift always has to go hand in hand with a cultural shift”

**Anna Kaiser and Jana Tepe** | Founders of Tandemploy

Anna Kaiser and Jana Tepe are explaining the role of their start-up Tandemploy within the “New Work” movement, how companies have to rethink their employee relations and how technological change has to be connected with cultural change. They also point out the importance of responsible data use and talk about the expectations of millennial employees towards their work life.

**The German job landscape is undergoing a process of change and Tandemploy contributes significantly to this change. What were the reasons for you to participate in this process and how did you come up with this exciting idea?**

**Jana:** Until 2013 we worked in a reruitment company for the digital world. One day an application landed on my desk that was different than what I had seen before. Two women were applying for one position as a jobsharing tandem. I was thrilled and told my colleague Anna about it. Three days later we quit our jobs and started Tandemploy, a platform for people that want to share their job with a tandem partner. And for companies that are open to this new form of working.

**Anna:** Without realizing it, we were among the pioneers of the „New Work" movement. Large companies were suddenly interested in New Work, not only because they realized that their previous structures are immobile, but also because they are unattractive for new talents. The deeper we delved into the topic, the clearer it became that something urgently needed to change. A professional world that only revolves around itself and exploits people instead of rekindling their creative power urgently needed a new operating system.

**Jana:** Until today the team has grown to 30 people. We evolved from being a jobsharing platform to developing highly innovative and disruptive software that breaks down the established structures in companies by connecting employees for collaborative forms of work and learning. Large corporations as well as medium-sized companies use Tandemploy's Skill Matching Tool fully aware that the often-invoked change cannot come from the outside alone, but must primarily arise within the organization itself.

**Which factors or trends will strongly influence the job market in the future and what opportunities will result for Tandemploy?**

**Anna:** The changes brought on by digitalization are enormous. Due to their immense impact, these changes are also referred to as the "Digital Revolution", in reference to the Industrial Revolution which laid the foundation for how we live today. And just like back then, there are many great achievements that come along with the digitalization, but also many great challenges. The most obvious achievement is, of course, the technological progress that allows us to work together in a completely new way, regardless of where we are — at least in theory. Just because a technology exists, doesn't mean that everyone instantly knows how to use it sensibly. That's why we always emphasize that a technological shift always has to go hand in hand with a cultural shift. We can't work remotely if we still think in rigid hierarchies and don't trust the people around us. We can't and shouldn't collect and process data in large amounts if we don't know what the final goal is and whether it will really benefit our personal and professional life. We can't develop innovative and sustainable products, while still working in outdated company structures. And we can't recruit young, creative, digital minds for our companies, if we are still trying to press them into inflexible 9-5 grids and expect them to work to rule.

**Jana:** Companies have to change, and not just a little, but a lot. They should start today. A good first step is to engage in an exchange with the people within the organization and to find out what their skills, talents and goals are. Change, that happens from the inside is much easier to manage than change that is pushed through from the top down. Companies already have the most important asset that they need to shape the shift: their own employees. Most of them will want to help if they are given the freedom to. And many will take on tasks tomorrow that they can't anticipate today. For companies, the most important thing is to create space and opportunity for exchange and continuous learning to take place. It is the best way to stay agile no matter what kind of change is coming our way. As Tandemploy we provide exactly this kind of opportunity, based on specific use cases.

**Besides the advantages of Jobsharing there are also some challenges, such as a higher requirement of communication between employees. How does your concept eliminate these barriers?**

**Anna:** Whether a job-sharing constellation works, depends largely on the tandem partners. The prerequisite is that both partners interact at eye level, trust and stand up for each other. If, for example, mistakes happen, this must be clearly communicated, and a solution must be found together. Since there are always two minds involved, the tendency for mistakes is bound to be lower than when one person has to make decisions alone.

**Jana:** The distribution of tasks in a tandem is very individual. Although it is obvious to divide up by strengths so that each person can work in their 'sweet zone', it is also valuable to work together on overarching and strategic issues, thereby making best use of the potential these smallest possible think tanks, if you so will, can unfold!

**Anna:** And companies have to resist the impulse to try to control everything. Job Sharing requires trust and freedom, otherwise the many advantages that the model offers will be lost. In addition, a good infrastructure is required so that the tandem partners can communicate well with one another outside the office and share company-relevant information.

**Unconscious biases can affect and influence the recruiting process and outcome. Do you actively counter such biases in your algorithm? If yes, how?**

**Jana:** One of the most important requirements for AI and data-based technology is that it makes fair decisions and doesn't discriminate against anyone based on gender, skin color, origin, religion or sexual orientation. We prevent programmed discrimination in the development of our SaaS. For example, senior employees will never be considered a "better match" than other employees. Job sharing users can indicate that they are interested in taking on a management position in the future and therefore ONLY want to network with colleagues who already work in management.

**Anna:** We generally work with virtual waiting lists. For example, Onboarding Buddies will be suggested in order of registration, without any preference given to personal characteristics or job status. All users that have made themselves available as buddies, will be put in the waiting list in the order they registered.

**Millennials are on the rise and they are pushing companies to evolve. From your perspective, what does freedom at work mean for a millennial employee?**

**Anna:** Young digital minds don't want prefabricated offers designed on the drawing board by the management. They want opportunities — onboarding, chances for development, learning opportunities, career options, etc. — that meet their needs, that they help to shape, and that they can access "on demand" according to their skills and interests. They want an environment that values both their individuality but also their role in a social structure — in the work context and beyond. A good "employee experience" does exactly that. It is not based on offers that have been thought through to the end, but on open structures and opportunities for participation for everyone.

**Many employees want more flexibility in their job and more time for family, hobbies or friends. The job should offer more freedom, but also leisure time. What does the working world of the future look like for you and do you think the concept of the "nine-to-five job" is sustainable?**

**Jana:** Smart companies have long recognized that flexibility and satisfied employees are not a luxury that they treat themselves to when they are being particularly nice, but rather, quite frankly, an economic necessity. It is no longer a secret that employees who are seen and valued, who are allowed to take on responsibility and who have time for things outside of work, also perform better in the professional context. Our team is the best example of this. We have abolished the 40-hour work week, all of our colleagues work flexibly in different constellations, just as it suits their lives. It works wonderfully. You just have to want it!

**Has Tandemploy been successful across all demographics or does one group (e.g. older generations, etc.) stand out in particular? If so, how come?**

**Jana:** Our software solution definitely appeals to all generations, since our very different use cases are aimed at a large number of target groups in the company. Some modules consciously combine young and old. The wish to work in a more flexible, self-determined and collaborative way exists in all age groups — contrary to the image invoked by the media, which often only focuses on the wishes of millennials and the Gen Z.

**For which type of jobs is the concept of Tandemploy a suitable tool or in other words, which companies are your main customers?**

**Jana:** In general, companies feel great pressure to change. We notice this from the response we receive.

Many large corporations are already using our software to connect their employees, sometimes worldwide, and medium and small companies are also increasingly joining the trend. This suggests that an opening towards new work models is underway. The branch is not relevant here. Networking and collaboration affect everyone.

**Anna:** But the introduction of this technology is only one part of the big picture. It must go hand in hand with a gradual change in values within the company. If, for example, employees use our software to network and develop new ideas or to find a tandem partner, but their effort is then blocked by management, it becomes difficult — or let's put it this way: interesting. Digitization is primarily a cultural shift, only then can technology unfold its potential. At the same time, automated matching is a good way to get started.

**Your customers are large companies such as SAP and Evonik. As a start-up, how do you build and keep long lasting relationships?**

**Anna:** We maintain very open, warm and heartfelt relationships with our customers. Aside from supporting them in the preparation and introduction of SaaS, we also offer them all of our expertise and many best practices throughout the cooperation. Every customer has a "customer happiness manager" as a designated contact. What our customers appreciate is the cooperation at eye level according to Tandemploy's values and the flexibility in exploring the best solutions for the organization. This applies to large companies as well as to smaller ones.

**Berlin is known as the new "Start-Up-Scene" in Germany. Is this location an advantage for your business?**

**Jana:** Yes, without question. There's always something going on in Berlin. You can get inspiration and new knowledge at every corner and meet exciting people. There are also great offers tailored to the needs of founders and entrepreneurs, that we have already benefited from.

### Anna Kaiser and Jana Tepe

Until 2013 Anna Kaiser and Jana Tepe worked in a recruiting firm for the digital world. They reviewed applications, matched qualified candidates with open positions and consulted companies that were searching for digital heads. One day an application landed on their desks that was different than what they had seen before. Two women were applying for one position as a Job Sharing tandem. Anna and Jana were thrilled. Two days later they quit their jobs and started Tandemploy, a platform for people that want to share their job with a tandem partner. Only weeks later, Anna and Jana were among the pioneers of the "New Work" movement. Media inquiries and speaker slots soon followed. Large companies suddenly became interested in New Work, not only because they realized that their previous structures are immobile, but also because they are unattractive for new talents. The deeper Anna and Jana delved into the topic of "New Work", the clearer it became that something urgently needed to change. Since 2016, the team, which since has grown to 30 people, has been developing exactly that — highly innovative and disruptive Enterprise software that breaks down the established structures in companies by connecting employees for collaborative forms of work and learning. Large corporations as well as medium- sized companies use Tandemploy's Talent Marketplace fully aware that the often-invoked change cannot come from the outside alone, but must primarily arise within the organization itself. Digitization will change the economy to an extent that can hardly be envisioned today. And so the motto for Tandemploy is as follows: Stay flexible without losing sight of your own vision.

# Dynamic Pricing – Dynamic Start-Up

**Reto Trachsel, Jonas Meuli, Judith Noerpel-Schneider** | Pricenow Founding Team

Dynamic Pricing is on the rise – more and more industries adapt this compelling pricing strategy and benefit from a reduction in operating risk, a higher flexibility towards changing market environments and substantial increases in revenue. Pricenow, a leading start-up in Dynamic Pricing, explains how they have initiated a profound transformation in the European mountain railway industry.

In the latest sales radar from PWC about Dynamic Pricing (2019) it says, four out of ten companies adjust the prices for their products and services at least once a week — although they often lack the digital support to do so. This is because few companies calculate prices and offers automatically. The calculation of prices mainly takes place with individual tools and less dynamic spreadsheets, which costs a lot of resources. Therefore, automated pricing has a positive effect on backoffice and distribution efficiency. Further, more and more businesses in different fields are interested in Dynamic Pricing as such: companies in the transport, leisure or hotel industry and even media advertising agencies are paying attention to Dynamic Pricing. This was also noticed by Pricenow, a dynamic start-up that offers holistic price optimization for companies.

## How it all started

While Dynamic Pricing has already been established for many years in several industries, a change is now also taking place in the mountain railway industry. What was unthinkable less than 5 years ago in the European Alps is now growing rapidly. As of last winter season, eight ski resorts in Switzerland implemented a dynamic pricing model — now, only one season later, more than 70% of the largest Swiss ski resorts have switched to Dynamic Pricing.

The idea of Dynamic Pricing for the mountain railway industry has matured over the last years in the founding team of Pricenow. “As students we could not understand why we should pay the same price for a ski ticket when slopes were nearly empty during off-season or due to mixed weather conditions. Or an early bird ticket did not have an attractive price incentive to commit early and bear the weather risk. In short: for us, the fixed prices at the cash desk did not reflect the ever-changing conditions and accordingly did not match our willingness to pay,” tells Jonas Meuli, co-founder of Pricenow. “And at the same time, we had the feeling that the situation could not be optimal for the mountain railway companies either. They were confronted with high fixed costs to operate their lift capacities while facing strong customer fluctuations.”



During their final semesters at the University of St. Gallen, the Pricenow founding team therefore decided to lay the foundation for the young company — and put a mere idea into practice. Today Pricenow is one of the leading providers in the field of Dynamic Pricing for ski resorts and other touristic activities. The company offers an integrated approach for Dynamic Pricing, Data Analytics and e-Commerce on a fully automated and cloud-based software solution.

## Mountain Railways and Dynamic Pricing

Almost simultaneously with the founding idea, the Swiss mountain railway market came under pressure due to the unfavourable exchange rate of the Swiss Franc and newly implemented controversial discount pricing strategies for annual ski passes. On top of that, many ski resorts were facing the challenge to convincingly incentivize their customers to use online channels for their ticket purchase, which in turn would allow the companies to collect valuable customer data. Ideal starting conditions to establish Dynamic Pricing in a promising way.

Dynamic prices for ski resorts are determined on a variety of alternating, external factors. For example, the expected demand, demand elasticity or the time of booking play a decisive role in setting up an optimal pricing model. The complex relationships between the individual factors are ultimately mapped into an algorithm. Every day more than 80,000 price adjustments are calculated by Pricenow's Price Engine on a fully automated basis and fed directly to the desired sales channels. Holistic pricing decisions are only possible with state-of-the-art data analysis. Therefore, Pricenow invests a lot of time to make accurate demand forecasts and to identify price elasticities, providing their customers support in analysing their data. Furthermore, the company makes use of detailed market researches on site of the ski resort to gain a comprehensive understanding of the ski resort's customers and their willingness to pay. Thanks to the latest technologies and the use of Machine Learning models, their Price Engine can take into account complex and multi-dimensional relationships between price and purchase decision and to continuously optimize prices, which sustainably increases both sales and profits. A recent analysis of the last Christmas high season showed that the revenues of benchmark ski resorts in Graubünden increased by 2.6 to 11%, while partner ski resorts of Pricenow with a holistic Dynamic Pricing in the same region of Switzerland could achieve a revenue increase of around 17%. This is an outperformance of 54% to 653% compared to the benchmark .

## Challenges as a young company

Like any young company, however, Pricenow faces a number of challenges on its path to growth. "We know that new things can often initially cause anxiety and a certain defensive attitude. Innovative ideas sometimes clash with long-standing traditions. Dynamic Pricing offers great potential for our customers, but of course in a first step this means big changes for a company," explains Judith Noerpel-Schneider, co-founder of Pricenow. Therefore, Pricenow places great emphasis on setting up a detailed implementation process bringing relevant key players from different departments such as finance, sales and marketing, on board.



The ski resort industry is in a strong digitalization process, giving room as well to already existing competitors, that are trying to benefit from the rapidly changing field of Dynamic Pricing. "This forces us to question our services and offers again and again. Do we create the desired added value for our customers? Can we improve further? And how can we standardize special customer solutions at a certain level to earn scale-effects in the long-run?" says Reto Trachsel, co-founder and CEO of Pricenow.

Pricenow's next goal is to expand into international markets within the tourism and mountain railway industry. Dynamic Pricing is becoming more and more a topic in French, Austrian or Italian ski resorts. And of course, Pricenow is already planning the next big step: scaling up the business into a second industry. The Price Engine has been constructed and configured in a way to calculate an optimal price for any kind of product or service. "Pricing — what we love to do" embodies Pricenow's work philosophy every day anew. The steadily growing team behind Pricenow is not only enthusiastic about its service activities, but also about the industries and products it prices. Together they are aiming at reaching their next milestones dynamically.

## Pricenow Founding Team

As three-headed Pricenow founding team, Reto Trachsel (29), Jonas Meuli (31) and Judith Noerpel-Schneider (28) are dynamically on the move. Their complementary skills in data analysis, finance and business administration make the team a powerful unit. All three founders have a master's degree in business administration or economics. In 2017, the team founded the Skinow GmbH, which was transformed into Pricenow AG only about one year later and has since established itself as a technology-based company for Dynamic Pricing and Data Analytics. In the summer of 2019, two of the founders won the "30Under30" award - making them, according to Forbes, one of the "most influential young entrepreneurs in the category "Tech" of the DACH region".

# “It is a misconception to think that the culture at Google or Airbnb is the result of a coincidental gathering of the right, charismatic people”

**Viktoria Lindner** | CEO DRIVE!MPACT



In this interview, Viktoria Linder gives insights about the German start-up culture, the future of work, and self-employment. Further, find out why German start-ups risk less than American counterparts and how culture and strategy are inextricably intertwined.

**What does freedom mean to you? Is your profession part of this definition?**

Definitely. To me, freedom at work means having control over your own decisions. Freelancers and especially founders are often said to have managed to create their freedom.

Although I have had a higher workload since the beginning of my entrepreneurship, I have a better feeling of control over the execution of this work. I can decide for myself how and how much I want to work, but, for example, if I work less, I must consider the consequences of this decision and be able to live with it.

This results in a certain paradox of freedom. A higher degree of freedom requires higher responsibility. Nevertheless, it gives me the feeling of freedom that I like: The feeling of being in charge.

**What were your reasons for early professional independence?**

Relatively early on, at 16, I worked in an industry in which I was constantly confronted with decisions and therefore quickly gained control over how much success occurred to me.

One could say I never knew it any other way. Accordingly, it was more of a change for me to get away from this self-sufficiency and to integrate myself into a work organization in which someone takes responsibility for me and determines when and how I work. This idea has always driven me towards independence, even if I have to put up with sleepless nights now and then.

**Many young people are attracted to working in a startup because of the dynamic environment, the learning potential, and the mentality/culture – how do you ensure that these character traits do not evaporate when an organization outgrows itself?**

Firstly, companies must be able to communicate to all employees in terms of strategy and vision, even as they grow in size. Secondly, goals, which emerge from strategy and vision, should be continuously formed into concrete tasks in discourse with employees.

This form of involvement is very relevant to employee motivation. Being able to communicate a "big picture" vision transparently and to let employees participate constructively is an important prerequisite for retaining the typical characteristics of startups. Young companies thrive on creativity and diversity of opinions.

If instead goals are cemented exclusively at the top, intrinsic motivation decreases. An employee who is not properly informed about the vision and goals and can only fall back on delegated tasks loses motivation, which in the worst case is limited to the fulfillment of certain KPIs.

It is incredibly important to take employees along and shape the path towards the desired collectively. In this way, successes are celebrated more intensively within the team, while setbacks gain in transparency and help employees to formulate and implement improvements.

This dynamism promotes greater emotional commitment, stronger drive, and greater loyalty to the vision and the company.

**What are drivers that form the main motive for young people to join an organization?**

Salary remains important; nobody wants to be underpaid anymore.

I often see people following luminaries. For example, if you have a person in a company who has already had a successful exit or has already founded before, that automatically attracts young people. Ex-employees of prestigious consulting firms or well-known venture capital firms also have a strong attraction.

Young people, in particular, do not long for complete freedom and autonomy in their jobs as one might expect. To be able to work with someone experienced is a wish often expressed. A mentor figure represents a chance for graduates to learn a lot and to be able to orientate themselves on proven working methods. Hence the move to companies with experienced employees.

**Was that the same with you?**

No, it wasn't like that with me. I always had people I could trust and look up to, but I didn't have a mentor. I taught myself a lot of things myself and so I grew with my tasks.

**In terms of the future of work and trends such as remote working, the gig economy, tandem work, and artificial intelligence – what do you think will have the biggest impact on the workplace?**

Surely remote working. However, it is very interesting to observe what non-remote-based companies say about remote work and vice versa. The idea of working from the living room or maybe even from Bali sounds very tempting at first. In reality, however, it looks very different. My company mainly works remotely and requests from the team are expressed to meet more often. People are social by nature and working in a team requires physical contact.

I think employees should be given a healthy degree of flexibility in how long they work remotely and how often presence is required. One should be aware that pure remote work can lead to employees working isolated and therefore important communication, which would be given at a shared workplace, is not guaranteed. I, therefore, see advantages in both approaches and consider a mixed approach to be most useful.

**You commute regularly between Berlin and Barcelona – where do you see the greatest cultural differences in start-ups? Are there any differences?**

Spanish startups are more cautious. Topics like leadership training and process work are very difficult to place in a Spanish startup. Spaniards prefer to see how it works first by doing a test phase. German startups, on the other hand, are more open, not least because of the presence of Anglo- Saxon investors.

**Culture or strategy – who trumps whom when in doubt?**

Culture is strategy. It is a misconception to think that the culture at Google or Airbnb is the result of a coincidental gathering of the right, charismatic people. There are very intelligent people managers and organizational developers behind it, who know exactly how to build an employee experience and where to cement culture in mission statements, core values, and leadership principles. The incorporation of cultural artifacts into any HR process, be it in onboarding or feedback processes, is the result of a long-term strategic plan that affects all stakeholders.

**About the German startup landscape: Mr. Podzuweit, the founder of Scalable Capital, asserts that we Germans lack the big ideas to keep up with American startups. Does this correspond to your experience?**

Yes, American startups are more open to experimenting with new ideas. In Germany, people like to invest in proven concepts and venture capital companies pay close heed to positive unit economics at an early stage. But there are also exceptional cases in Germany. For example, the online banking pioneer N26. At the time of its founding, the media was convinced nobody would trust their savings to a branchless bank. Ultimately, N26's success has shown us that grand ideas can succeed in Germany. But this requires investors with a high willingness to take risks.

Apart from exceptional cases, trends that have already produced exits are often followed. Companies that operate e-learning platforms or aim to digitalize the healthcare and real estate sectors are currently undergoing major investments.

**Hot Topic Diversity Management: What is the current development in Berlin?**

In larger startups, there are already positions for this. That is, the appointment of a VP of Diversity, analyzing metrically and data-based, that certain groups are represented and what implications the mix has for the culture. In general, I would say that Berlin is relatively diverse in itself as companies, the tech sector in particular, hire employees from various backgrounds. Women are also strongly represented in the scene.

Where one should perhaps differentiate is in the diversity of age and social group. Even though many startups are ethnically diverse, most employees are in their early twenties and late thirties. Also, the social group is often limited to young, well-educated people who are ambitious and looking for a startup. In this regard, Berlin can be perceived as somewhat undiversified.

**What are the important success factors for a startup?**

The founder. Their mindset and experience are important. If you want to know whether a startup will be successful, the question "What drives the founder?" can give the first indication. Is this a serial entrepreneur who has already founded several companies and knows which challenges come up at which point and knows what to look out for? Does he have a growth mindset? Is he willing to hire people who are better than he is and move the company forward? I think the best entrepreneurs are those who can put their ego aside and believe in the vision of building a team where everyone pulls together, and everyone is valued for their expertise.

Furthermore, a good network is an important success factor. Close contacts to investors and scene members help to secure capital and talent.

As a third factor, you need someone with an understanding of business management. A person who knows how to build unit economics on recurring revenue streams is essential.

**Viktoria Lindner**

Viktoria Lindner, CEO & Founder of DRIVE!MPACT, was born and raised in Berlin but dedicates the world as home. After studying clinical psychology in Amsterdam, she found her passion in training highly qualified talents and advising start-ups on how to grow sustainably without burning out their people. Viktoria and her team have been commissioned as sparring partners for the people team and the founders of numerous fast-growing start-ups in Berlin and Barcelona. She specializes in personnel development, talent retention, and transformation projects. Her clients include the fitness startup Foodspring, the mattress startup Casper and the proptech company VRnow.

# “The virus has not much to do with economic globalization”

**Prof. Dr. Aymo Brunetti** | Professor for economic policy and regional economics



The Professor of Economics on the COVID-19 crisis, who predicts more diversified imports as a consequence for the future, on the stock market corrections and the importance of research in the field of macroeconomics and the financial system.

**On March 13, 2020, the Federal Council introduced drastic measures such as a ban on events for more than 100 people and a reduction in the number of restaurants, bars and clubs to a maximum of 50 people. The Federal Council also promised CHF 10 billion in short-time working compensation and immediate economic aid. How do you assess the impact of the coronavirus on Switzerland's economic development?**

It is undoubtedly an extremely unusual shock, which we have never had in Switzerland in this way before. It is a combination of a macroeconomic supply and demand shock. By taking action to combat it, we have done something that has never been seen before in Switzerland: The Federal Council has deliberately restricted economic activity. This will have a strong impact on economic development. Those companies that are not making a profit now are not doing so because they have done something wrong themselves, but because of an exogenous shock. For this reason, it is undisputed that the general public must help these companies to survive this exogenous shock. That is why I think it is absolutely right to offer measures such as liquidity support, compensation for short-time working and the like.

**The coronavirus has had far-reaching consequences for globalization so for: the USA no longer allows flights arriving from Europe and countries such as Serbia, Slovenia and Croatia have taken measures to close their borders to affected regions. What impact will the coronavirus have on globalization and international trade?**



In the short term an extremely drastic reduction. But I very much hope that there will be no structural backlash for globalization. In future, we will certainly have more diversified imports. However, this crisis is not fundamentally a problem that stems from globalization, but a health problem that is spread by international travel. A backlash to globalization would have much stronger negative economic effects. It is very important to make it clear that the virus has not much to do with economic globalization.

**At the beginning of 2019, it was said that the greatest risk for the Swiss economy would be turbulence in the imminent normalization of global monetary policies. In retrospect, has Switzerland mitigated/managed this risk and what will be a risk for Switzerland in the future?**

Switzerland is in a special position in that the SNB itself was forced to join in, as other central banks are super-expansionary, in order to prevent the Swiss franc from appreciating. This led to a significant exaggeration, especially on financial markets. We are now seeing very strong corrections in connection with the coronavirus, and part of this would have happened in any stock market situation. However, another part is due to the extremely expansionary global monetary policy having blown up asset prices before the crisis. Due to concerns about the exchange rate, in the end, the SNB had been unable to do much about this before the corona crisis.

**What would happen if the majority of countries were to “save” their economies — through various measures — and GDP 2020 consisted almost exclusively of government spending?**

It is an extraordinary situation and the main thing is not to drive a large part of the economy into bankruptcy through the shock. This is why government spending will account for a much larger proportion in 2020, but Switzerland is one of the countries that is in a very good starting position. The advantage is that Switzerland is on a very low debt level, not least thanks to the debt brake that leads to a cautious fiscal policy. As a result, new crisis-related borrowing would be not a major problem in Switzerland and there is a margin to do so. Itherefore think that Switzerland will do much better in this respect than other countries.

**Two years ago, you published a book on the aftermath of the financial crisis. What is the economic situation in Switzerland ten years after the peak of thefinancial crisis?**

There is no doubt that we have come out of the financial crisis much better than out of the global economic crisis in the 1930s. This is also due to the completely different economic policy reaction regarding monetary policy, fiscal policy and financial market stabilization. The basic problem, however, is still that some of the “drugs” that have been used, especially the monetary policy part, have not yet been discontinued. Therefore, although the economy has developed very well, we do not know what will happen when we return to normal — and this normalization will be necessary. For this reason, I would wait a little longer before saying that the financial crisis has really been overcome without any major problems. This could still have long-term repercussions if monetary policy is normalized.

**Many see economic growth as an important feature to improve the lives of more and more people through greater prosperity. To what extent do you agree with this vie and what role does climate change, which is increasingly casting economic growth in a negative light, play in this?**

That economic growth is positive seems relatively clear to me. To prove this, it is only necessary to look at today’s standard of living compared with that of 50 years ago. It is not that you have many more products, but rather that you have, first and foremost, much better products. In short, the quality of the products has increased greatly. However, it is clear that the climate problem, or rather the pollution of the environment, is a big problem. If certain external costs are not internalised in the economic systems — as is currently the case — it is quite possible that growth will ultimately be at the expense of the climate and the environment. It is therefore very clear that far-reaching measures must be taken. First and above all, prices should reflect the costs of pollution. It would therefore be very important to introduce some kind of C02 tax or “cap and trade system”. This would mean that pollution would be priced, and that the positive allocation effect of the companies’ profit motive would be environmentally friendly. However, there is no doubt that we need to do something in this field.

**The WEF publishes an annual ranking of the most competitive countries in the world. In 2017, Switzerland led the ranking, but today it is in 5th place. What do you think are the most important measures that need to be taken to ensure that Switzerland can once again improve its competitiveness and thus remain an attractive business location in the future?**

Switzerland has a combination of location factors that are extremely positive — this is often reflected in these rankings. Whether you rank 1st or Sth often depends on details. The important thing is that Switzerland has been in the top group for decades and it must be important not to sit back and be complacent and ignore current challenges such as “opening up to the outside world”, “adapting the social system” and similar issues. It is therefore important to emphasize that Switzerland has extremely positive location factors, on which it has worked well in recent years. In my view, the most important factor is the organization of the labor market. We have an incredibly flexible labor market, combined with a social security system that is unique in the world. For keeping our competitive edge, it is crucial that this is maintained.

**The Handelszeitung writes that yau are less networked in the economy than in political administration. What are the advantages of not always looking at financial policy from a practical economic perspective?**

My main area of interest is economic policy. Therefore, it was very helpful that I experienced both sides: The analytical side, but also having worked in the administration for more than a decade. I am therefore in a better position to judge how economic policy actually works in practice than if I had just stayed at university during my entire career. It is clear that my contacts work primarily in the administration. In recent years, however, I have led several expert groups, in which banks and insurance companies have also been directly involved, and this has enabled me to gain deeper insights into the workings of the private sector.

**You worked for many years in the civil service in the field of financial market policy but have now returned to the University of Berne as Professor of Economic Policy and Regional Economics. What experiences and insights from yaur farmer profession are particularly important to you in order to shore them with your students?**

At the University of Berne, among others Iteach the introductory lecture for students of economics. I have the advantage that when Igo through the whole application of economics, I can give a lot of practical examples and also know how certain regulations came about and what the considerations behind them were. This means that I can teach relatively practically and have experienced things myself to some extent, which is an advantage. In research, this plays less of a role because of the high degree of specialization.

**What, according to you, will be the most important field of research in economics in the next few years?**

Research in general is so enormously specialized that it is difficult to have an overview. But where ii see a great deal of need is in macroeconomics, or rather in the interaction of macroeconomics and the financial system. Most people are well aware that this is an extremely relevant area, but nevertheless, if you look at introductory textbooks or research, you still have a lot of macroeconomic models in which the financial sector is more or less ignored. This integration will undoubtedly play a very important role in the coming years. On the economic policy side, two very important issues will be climate change, and the financing of retirement systems (especially in Switzerland), as there are still many unresolved issues in these areas.

## Prof. Dr. Aymo Brunetti

Aymo Brunetti is full professor for economic policy and regional economics at the Department of Economics of the University of Bern. He is also also managing director of this department and heads the scientific board of the Center for Regional Economic Development (CRED).

He studied economics at the University of Basel where he was awarded a doctorate in 1992 and qualified for teaching as a university professor in 1996. From 1994 to 1995 he spent a year as visiting scholar at the Department of Economics at Harvard University. From 1997 to 1999 Mr Brunetti was visiting professor at the University of Saarland in Saarbrücken, Germany. In this period, he also did consultancy work for the World Bank, the OECD and the International Finance Corporation.

In 1999 Mr Brunetti joined the Swiss Federal Department of Economic Affairs where he soon became member of the board of the newly founded State Secretariat for Economic Affairs (SECO) and headed its Economic Analysis Division. From 2003 to 2012 he was head of the Economic Policy Directorate at SECO. In February 2012 he took up his current position at the University of Bern where from 2012 to 2019 he also acted as manging director of the CRED.

He still is active in economic policy advice, especially in financial market policy: 2012-2013 he was head of an expert group for the Swiss finance minister preparing proposals on how to deal with the challenges for the Swiss wealth management industry. In 2013-2014 he was president of the Swiss government's high-level group of experts commissioning a report on the further development of the Swiss financial market strategy. From 2015 to 2019, he headed the future of the financial centre advisory board appointed by the Swiss government.

# Changing eating habits

**Christian Bärtsch** | Founder of Essento

By 2050 we will need to feed 10 billion people worldwide and find solutions without putting more strain on the planet's resources. One solution lies in farming edible insects, for which very little water, feed, and land are needed. Start ups, like Essento, have recognized this potential and are developing insect food products, which may one day revolutionize our eating habits.

Finishing your master's degree in a business or economics at the University of St. Gallen usually results in business career in investment banking or consulting. However not for everybody. I decided to opt for a different path and to do something slightly out of the box.

## Do something that matters.

Food has always been a huge passion of mine and knowing that it defines who we are makes it even more important than just the joy of eating. In 2013 the FAO released a report which proves not only the nutritious benefits of edible insects but also their huge environmental potential. Knowing science on my side, I was highly motivated and convinced that insect food will play a major role as food and knew what to do: develop and sell innovative and delicious insect food products. Knowing that this would lead to many hurdles did not discourage me. I decided to give it a try and decided to start Essento.

## This will never work.

The beginning was very tough, and the outcome was highly uncertain. Diving into the topic made me realize, it was illegal to sell insects as food in Switzerland as well as in many other countries. What to sell as food was manifested in a law that remained unchanged since 1994. That was the first moment to immediately give up.

But being a vision driven entrepreneur means not giving up but finding a way to overcome any obstacle. The Beatles knew already: "I get by with a little help from my friends." A bit of time the network of people believing in insects as food was rising. Essento, which back then consisted of myself and likeminded fellow students, gathered with the WWF and politicians from the green party — all driven by a strong vision and believe in insects as part of the solution to feed 10 billion people by 2050 worldwide.



We've started to raise more awareness for this topic, organized an aperitif at the Swiss Parliament and served insects food to the parliamentarians. Media was all over the place. And eventually we've achieved this unbelievable success: the law was changed and since May 1st 2017 it is legal to sell insect as food in Switzerland.

## Why insects?

Edible insects will play a major role when it comes to feeding 10 billion people by 2050. But already today over 2 billion people enjoy eating insects, mainly in South America, Africa and Asia. And more and more people in Europe and the Western World are joining our food revolution.

Over here, insects to eat origin from certified farms in Europe. To farm insects only very little water, feed and land are needed. When compared to conventional cattle farming a tenth of the resources is needed. In addition, insects can be fed with side stream products, if not to say 'food waste', like wheat bran from flour production or spent grain from the brewing of beer. Thus, the carbon footprint of insects is way lower than compared to other protein sources, like milk, chicken, pork or beef. Plus insects are grown without any pesticides, hormones or any kind of medication commonly used in livestock farming or intensive farming practices.

Insects contain high quality macronutrients, like proteins and unsaturated fatty acids, and micronutrients, like vitamin a and b12 or iron and zinc — all essential for our body functions. Finally, insects bring a new variety to our diet. Insects can be eaten as a whole, ground as a protein powder, combined with veggies to form a burger patty, as a snack, salty or sweet. Not least because of this, many star chefs are fascinated by the ingredient insects.

## The yuck factor

Rationally we all should start eating insects as of today to do something good for ourselves and for our planet. Emotionally, a lot of people in Europe face strong restraints against insects as food. What a person likes to eat or finds disgusting is strongly influenced by their personal value system, family, friends, society and culture. But there are ways to break free from the inner mental burden: education and recommendations.

That is where we decided to step in as well. Aside from the classical social media communication we are engaging in many different projects to educate the population about the benefits of edible insects. We have felt that there is indeed a need for such offerings. This especially in the light where many people are running after different diets that are supposed to be healthy and the discussion about local food and about how food is being produced. We have successfully held dozens of cooking classes and workshops around Switzerland and managed to introduce people and companies to the benefits of edible insects. The interesting thing in those workshops and engagement activities is that people really open up to the idea of eating insects and quickly overcome the yuck factor.



## The insect burger

Ever since Essento has been developing innovative and delicious insect food products for retail and food service. One thing that became clear early on is that we need to convince consumers with a product they know and love. So quickly we found that the form of the hamburger was the way to go. Everybody recognizes what it is. So, in 2017 we launched the first legal insect burger in a European supermarket chain, we then followed with the globally first organic insect burger in 2019, where we grow the insects in our own organically certified farm. We were at the end of 2019 even able to start exporting our burger to Germany and launched an insect burger with the famous German hamburger chain Hans im Glück. And we have many more projects in the pipeline!

## So what I have learned?

It is indeed not always comfortable to jump off the comfy path and not go into a safe corporate environment. However beautiful things usually happen out of the comfort zone. And indeed — the last six years have taught me many lessons and I found myself in situations I wouldn’t have been otherwise. And indeed starting a project yourself — putting your vision into reality is a very long journey but it is a free one. At Essento we are very excited to see what the future is going to bring. However, we are convinced that the future will include some insects in our nutrition for sure. If you are curious, I encourage you to give it a try. Let’s enjoy insects together and do something good for our bodies and our planet earth.

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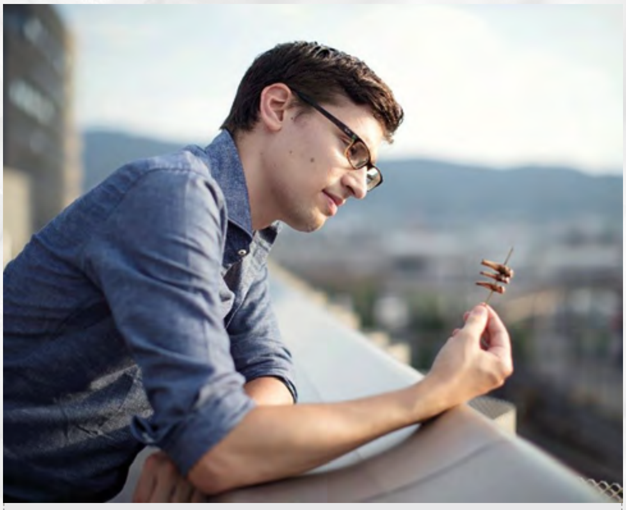

## Christian Bärtsch

Christian Bärtsch is founder of Essento, the European pioneer of edible insects. The food entrepreneur and economist discovered the taste and ecological advantages of insects when travelling through South America and set himself the goal of bringing these delicacies onto the plates in Europe. Although facing resistance in many places, the 30-year-old did not let his vision go, fortunately: Essento's Swiss made food innovations are well received and the interest in edible insects is rising. In recent years, Essento has brought several new products on the market and has built a permanent partner distribution network of over 70 sales outlets. Besides that, Essento supplies regularly 150 restaurants throughout Switzerland and Germany.

# How the Circular Economy increases the degrees of freedom — From resource dependency to circular material flows

**Karolin Frankenberger, Felicitas Pietrulla** | Researchers at the University of St. Gallen



Our world today is facing challenges on multiple fronts, such as climate change, deforestation, and species exinction. One solution for addressing such challenges lies within the Circular Economy. Companies that combine business model innovation and the Circular Economy will be able to sharpen their competitive advantage and effectively address the challenges of today.

Freedom, one of our core values that seems so natural for the individual in our western society, is at risk when we look at the restrictions that climate change will unavoidably impose on us. Are we trading freedom now against freedom to operate in the future? How come we got here? And how can the Circular Economy allow us to maintain the current degrees of freedom or even increase them?

## The situation — the linear economy

Besides the obviously quite intimidating situation caused by COVID-19, one of the most discussed topics nowadays are the challenges we face derived from climate change. Multiple documentaries, articles and newspapers showcase the deterioration of our planet: Air and maritime pollution, deforestation, erosion of the earth's surface, the increasing extinction of species — just to name a few of the problems of our time. To address these challenges some corporations and select managers have taken first measures towards a more sustainable operating model: They review processes to reduce energy usage, others switch suppliers to source more sustainable materials or they at least commit to future sustainable actions by outlining their CSR (Corporate Social Responsibility) agenda in fancy brochures. While these efforts are well received, change is slow due to the limited scalability of these measures. It is only a drop in the ocean. The current operating model of most firms is still based on what we call the linear economy:

In the linear "Take — Make — Dispose" value chain, companies extract and buy resources and transform these into products, that are sold to customers. After this, producers classically feel "off the hook" for anything that follows. Customers use these new products and eventually dispose them. What remains? Negative externalities: huge amounts of waste that governments do hardly know how to take care of (3.5 tons/day worldwide in 2010; 6.0 tons/day in 2025), toxic substances contaminating previously precious land for agricultural use, let alone the intimidatingly high level of CO2 emissions. Most corporations and their management are caught up in an old stigma that understands sustainability and profit as a strict trade-off that cannot be turned into a win-win situation. In addition, our "old mindset" expects NGOs and governments to manage these externalities for the greater social good.

## The solution — the circular economy

So how can we really do something against the ever-growing amount of waste on the one side and both resource scarcity and dependency on the other side? The Circular Economy represents a quite promising solution:

**Circular Economy and circular business models**

In a Circular Economy, materials are reintroduced into the production system after usage and thus reused to close the material flow in a circular loop. It thus becomes a self-sustaining system that reduces the need for new resources and waste. It effectively decouples growth from resource exploitation by maintaining a high value of materials throughout the circular loop. From a linear *Take — Make — Dispose* logic we move on to a circular *Make — Use — Recover* logic.

The key to implementing the Circular Economy for companies is the shift towards circular business models. The process of circular business model innovation is therefore the crucial first step.

A classical business model consists of four dimensions:

1. Value Proposition
2. Value Chain
3. Revenue Structure
4. Customer Segments

While many companies might be afraid of disruptive change, empirical evidence shows that those companies that dared to change their business models are very successful. While small process optimization measures might not have a big impact, business model innovation can be a real competitive advantage in the market. Thus, research proves that business model innovators are more successful in the market than their competitive process innovator peers.

Now combining both business model innovation and the Circular Economy, we leverage the synergies of tech and business model innovation. It represents a vast opportunity for companies to a) sharpen their competitive advantage in the market, and b) effectively address the problems that have been mentioned beforehand.

One typical question that companies allow to rethink their business model is the following: What would I do differently today if I were responsible for taking back all my sold products? Oftentimes, circular business models go in hand with a change of ownership structure of products. Shifting focus to services around and access to products, by e.g. switching to a pay-per-use model, can surely contribute to a more circular material loop. Similarly, a product-redesign analogue to the natural ecosystem, and the collaboration among different players of an ecosystem (e.g. governments, companies and NGOs) contribute to the Circular Economy. But the level of opportunities and amount of ideas is abundant.

**Example**

For example, at MudJeans technical know-how and business sense have been combined to a circular logic: MudJeans produces jeans that have been designed to be 100% recyclable, without any toxic substances. Instead of selling these jeans, customers can lease them. This allows MudJeans to keep ownership and control over the products: They can bring the material back into the system after usage: It can either be steered towards a re-use loop to another customer, to resale to a second-hand store or it can be re-introduced into the production cycle given its fully recyclable nature.

**Mindset shift**

Like MudJeans, other players have started embracing this new way of operating. Green investments become more en vogue and companies start innovating greener business models. Indeed, some players understand the Circular Economy as a great opportunity: It makes their businesses less dependent on resources. Knowing that a) resources are finite, and b) prices should eventually rise given the laws of supply and demand, unchaining from the self-imposed resource dependency through circular business models becomes the new business imperative for sustainable profits. After all, the concept of the Circular Economy promises to increase the degrees of freedom in a company's operating model.

Now, all of this might sound too good to be true. However, it can indeed be challenging for managers to maneuver the transition: In the short-run trade-offs between economic, environmental and social goals might need to be faced. Oftentimes investment costs will be required. For managers to contribute to a more sustainable economic system, they must learn to integrate both economic and sustainable goals to manage a healthy balance between the three Ps (People, Planet and Profit). Together with policy makers that are setting the right incentives for a long-term orientation and the civil society (e.g., NGOs) advocating for the greater social good, companies will succeed in the transition and will become stronger and more resilient than before. By this means, they are not only increasing their own freedom to operate without resource dependency, but also maintain society's level of freedom.

## What we do

At our Chair of Management and Strategy we both practically and academically work on exactly these topics. Going forward we aim at advancing the Circular Economy field through further top-notch research on the interaction with financing, entrepreneurship, innovation, transformation, consumer behavior and adaptation as well as ecosystems approaches. For practice, we are working with different partners and corporations to facilitate the transition. In addition, we plan a Sustainability -Theme day: It will spread the relevant know-how to those, who want to build a sustainable future inspired by the ideas of the Circular Economy.


**Karolin Frankenberger**

Karolin Frankenberger is professor of strategy and management at the University of St. Gallen in Switzerland. She focuses her work on business model innovation and circular economy topics and leads the executive school.

**Felicitas Pietrulla**

Felicitas Pietrulla works as a management consultant and is a researcher at the University of St. Gallen at the chair of strategy and management. Her PhD research focuses on sustainability and more specifically on the opportunities for companies in a circular economy.

# Nelson Mandela once said, “Sport has the power to change the world” I can sign that 100%

**Fredi Bobic** | German manager and former football player

Fredi Bobic explains to what extent football has changed in recent years and how this change will continue. He also discusses the importance of freedom in sport.

**Commercialisation is becoming more and more central to football. What do you think about the growing commercialisation and what opportunities does this create?**

Commercialisation has always been a major economic driver in football. Now commercialisation is even more concentrated and bigger because everyone can see it. There is a lot going on in public, so every fan feels taken away. There are many different opinions about it, but the fact is that football is constantly changing and is very flexible. You constantly have to look for new sources of money and reposition yourself economically. Commercialisation is an important factor, because the clubs also live from it, in terms of personnel, but also in terms of infrastructure. When you see who benefits from it, not only players and employees, but also around 90 minutes sausage sellers, tram companies. Very many people participate in football, which is why many people also benefit from commercialisation.

**How does this keep the Bundesliga competitive with other leagues? In the Premier League, for example, a great deal is paid for wages and transfer fees.**

The Bundesliga has tough competition. It has to make sure that it doesn't get left behind. The Bundesliga is relatively well positioned compared with the four big leagues England, France, Italy and Spain. However, it must always be careful to sell the product at its best. The fact that some gaps cannot be closed is mainly due to history. The Premier League has much more revenue than the Bundesliga, especially abroad.

**What do you think of the 50+1 rule and do you think it could be abolished in the future?**

The 50+1 rule is a very sensible rule, above all to give the members a say. We have a very large gap not only at Eintracht Frankfurt, but also in the league as a whole. It is clear that if you want to grow as a club, you need strategic investors. This is also a major political and social battle. Should we keep the 50+1 rule? Many are already corporations. But the future will show whether the German way is the right one. There are many discussions, so we have to be prepared for the 50+1 rule to be abolished at some point.

**So you see investors as an opportunity rather than a threat?**

I can't do anything with the negative basic thinking, because I believe that if you act cleverly as an association, and most people in Germany do, you don't have to worry about attracting investors who want to exploit the association. I see the investors as a great opportunity, but the opportunity must be well chosen and well prepared.

**Eintracht Frankfurt has doubled its turnover in recent years. To what extent does this create new opportunities?**

Of course, it is always our aim to further increase this turnover. The opportunities are always great. You can continue to invest in personnel, in players, but also in infrastructure, which is what we do. We are trying to reposition ourselves in terms of modernization and digitalization, and that of course also means that we have to keep our revenue stable or increase it. But turnover is one thing, profit is another.

**You now also have a partnership with TechQuartier. What are you trying to gain from this partnership?**

We are trying to be a pioneer in the field of digitalisation and to win over many local companies in the Rhine-Main area for the club. We have installed a think tank there and want to have an output from it at some point. We have thrown a lot of ideas in there to learn from each other and benefit from each other. We have a lot to do with start-ups to see where our opportunities are and how we can build a strategy together.

**Do you also see challenges to digitization?**

Absolutely! Especially we in football are already working very digitally. You can already see that in analyses of how we process data. However, it remains an on-going learning process as to how we can do it even better, especially in the sports sector. We have also already established contact with Stanford University and held talks on how best to set up. Digitization is the future.

**Your contract was extended by four years early in the spring. What do you think was the trigger for this and what challenges will the Executive Board face in the coming years?**

The challenges will be that we are a stable club, that we can always play for Europe, that we have a valuable team and that we find additional sources of funding. We will always be dependent on transfer revenues. Together with my two colleagues on the board, I will try to develop the association further in the areas of commercialisation and digitalisation and to invest further in the infrastructure. We are facing these challenges, which are not so easy to solve until 2023, but we will invest a lot of work and ambition so that we succeed.

**Eintracht Frankfurt pays the highest rental fee for the stadium. Are you hoping that this will change?**

We have achieved a breakthrough with the city and politicians by becoming tenants with revenues from summer 2020. At the moment we are tenants without revenues and have to pay rent for our offices and our weekend games. From the summer of 2020, we will be given a key to the stadium and will be able to access all the revenue sources that the stadium offers. This means spectator revenues, catering revenues and revenues from events that take place in the stadium. This is a great opportunity for us. We also want to convert the stadium so that it becomes more digital.

**You have initiated new internationalization measures. What do you hope to achieve with the new offices in New York and Beijing?**

We have already opened the Beijing office, we already have good access there. There, we are more likely to go via the political track, via the education and training of children, since football is also a subject in school. That's why we send a lot of coaches there to train the teachers and children. We have developed an app for this, which we presented to the Ministry of Education at the opening.

New York is of course a very important market, as our main sponsor Texas is also coming "Indeed" and we are also there a lot as a team. Furthermore, we already have many points of attack with a lot of clubs, but also the federation. We can learn a lot from the Americans in public relations and marketing and they can learn a lot from us in the operational area.

**"When sport feels like freedom" What do you think of this quote?**

I can only confirm that. In sport you feel free. Sport keeps your mind free. That's what's always driven me, even as a little boy. Sport gives you an incredible amount. Nelson Mandela once said, "Sport has the power to change the world." I can sign that 100%. There is a lot of diversity in football. It doesn't matter where you come from or what faith you have. This international gathering in sport is simply wonderful and that you are chasing a dream and yet it is still over 90% very fair. Sport builds bridges. Especially in our country you can find many different nations in the team, which all live peacefully together.

**What freedoms are most important to you as a board member and have they changed in recent years?**

It has become much more global. We also have to look beyond the horizon. There is also a demand for success very quickly, if you don't succeed, people change very quickly. You have to manage to get free of what is a learning process. You have to create this process for yourself.

**Fredi Bobic**

Since June 2016, he has been the sports director at Eintracht Frankfurt. From 2010 to 2014 he was sports director of VfB Stuttgart.

# “The world as we are experiencing it at the moment, is, in relative terms, seen in a disorder”

**Gabor Steingart** | Journalist, author, and founder of Media Pioneer Group

Former Editor-in-Chief of the Handelsblatt Gabor Steingart discusses his current view of the world, Germany’s standing in the global economy, and the future of journalism. Being encouragingly optimistic, he urges us to deal with today’s complex world by employing a confident attitude.

**Mr Steingart, you are regarded as one of Germany's most renowned journalists, led by a wonderfully sharp mind – how would you describe yourself?**

Critical.

**Do you also see yourself as a media visionary?**

That term would be too presumptuous for me. Rather as someone who sees himself as a pioneer and tries out new ventures together with others.

**Talking about the keyword pioneer: Your media project and ship "Pioneer One" will be completed soon – is that how you imagine the future of journalism?**

Do you mean that journalists will ride on ships? (laughs). I think that with the ship we very clearly symbolize that journalism is becoming more transparent and that journalism is returning to the idea that it is a dialogue-based process. It is outdated to believe that the editor-in-chief has the right to lecture the rest of the world from his corner office. We want to be a medium through which information and opinions flow, distinctively in two directions. Hence the ship on the water as a metaphor for transparency and movement.



**Let us talk about the subject of freedom: What is your definition of freedom?**

The ability to read, write, and think whatever I desire.

**In a speech at the Friedrich Neumann Foundation in 2013, you stated that "freedom is as fragile as wealth is fleeting" – Where do you see the enemies of freedom?**

Everywhere. Geostrategically, the whole world is full of enemies of freedom. We are currently witnessing an increase of intolerance, driven by an inability to tolerate other opinions and an inability to be curious about others. In the case that the other person is different, with regard to religion or ethnicity, many people in the present are struggling because they see the world as they used to know it in disorder and as an attack on their previous lifestyle. This dynamic naturally affects freedom.

However, I don't think that freedom is diminishing in absolute terms just because right-wing populist parties are gaining voters' support. Citizens are free to take this step. This does not yet refute the liberal century we are currently experiencing.

**Let's look ahead, and look at the technology of tomorrow: Gaspar König, a French philosopher, argues that society should be careful with the power of artificial intelligence, not because it will make**

**humanity unemployed (as some argue), but because it will undermine our capacity for critical judgment as we blindly indulge in algorithmic recommendations. Do you think this assessment is plausible?**

My first response would be to say that we shouldn't do anything blindly. That is why we should not impetuously throw ourselves at artificial intelligence, but in the long term, it will enrich our lives and create space for new possibilities. Whenever new technologies come along, a familiar pattern emerges in three phases. Phase one is fear, phase two is rejection and phase three is adaptation. We Germans are currently in phase two. Since history has taught us that phase three will come – similar to the development of the mobile phone, solar energy, the electric car or other now established technologies – we should shorten the process and let the fear be a little less.

**According to the current market capitalization, the Californian iPhone manufacturer Apple is now worth more than the 30 leading companies in Germany. It seems that Europe's largest economy is in danger of missing out on the technology boom of the 21st century. Would you agree with this statement?**

'Missed' would be too severe of an assessment for me. But it should be noted that we were pioneers in the industrial age; industrialization would be unthinkable without the contribution of German companies, workers and inventors. In the new era, however, which is the era of the digital and data economy, we are no longer pioneers, but clearly followers. What this means for our position in the world and our prosperity is not yet clear to most people.

Even if I cannot yet assess this development exactly, it will certainly affect our position in the world as well as our prosperity and it will probably change it significantly.

**In other words, you would not discount Germany completely with regard to the future, but you would look with reservation at its development.**

Germany is on a relative decline because the Germans are not playing the leading role in this new era as they did in the previous one. Unlike the United States.

**Apart from the political spectacle that is currently taking place in the US and will probably continue to take place over the next few years, do you see the US as an economic power that will continue to exist as a world power?**

I am convinced that in both our lives or at least for the next five decades, the United States will play a major role, both economically and militarily. America possesses what we do not have to the same extent: a tremendous capacity for change.

**China is increasingly becoming an exporter of new technologies in hardware and software. One could assume that China's rise in exports of goods and services will also increase the danger of exporting authoritarian ideas – do you see this as a threat to freedom in the medium term?**

First of all, it is clear that China and its ambitions cannot be classified as freedom-promoting. In this respect, China naturally belongs on the watchlist. Much of what China does, from social scoring to industrial espionage, is initially directed against our prosperity and our concept of freedom. How much these actions will ultimately affect our freedom, however, also depends on us. China is not alone in the world and we must remind ourselves that the rules of the game are defined collectively.

**Your book "Worldquake: Life in the Age of Overstrain" published in 2016 deals with the growing complexity in business and politics, which overstrains institutions. Has your perspective on this topic changed or perhaps even intensified in recent years?**

Roughly speaking, everything I described at that time has come true or at least follows the line of development described. The world as we are experiencing it at the moment is, in relative terms, seen in a disorder. A search movement has formed. Germany, for example, was a homogeneous society in the 50s and 60s with a foreigner share of 1 percent, today we are at over 10 percent. This means that one in ten has a completely different background and has had very different cultural and often religious experiences. This is an aspect of the global world with which many countries struggle. Hence the movement towards populism in many countries, because the search for a multicultural society is not easy.

**What measures do you think politicians need to take to deal with this complexity?**

A confident attitude. The history of mankind is not a history of the end of the world, but a history of progress. Starting with the ape who became man, to continents that made it from great poverty to a certain prosperity. We are talking about Asia and Latin America. If you compare the situation 20 years ago with today, you will find much evidence that the world is a history of progress. This confidence is necessary to realize that we are not built to develop backward. We will not go back up into the trees, nor will we unpack our fist wedges, and hopefully we will not fight the wars like the First and Second World Wars. In this respect, I am encouragingly optimistic.

## Gabor Steingart

For twenty years Gabor Steingart worked for the news magazine “Der Spiegel” – initially as correspondent in Bonn, later as Head of the Economics Department and Head of the Berlin and Washington D.C. Office. Steingart was Editor-in-Chief of the Handelsblatt from April 2010 to December 2012. For the successful renewal of the traditional newspaper, he was honored by the magazine “Horizont” as “Media Man of the Year 2012”. Under his leadership, an international jury awarded the Handelsblatt 2017 with the European Newspaper Award as “European Newspaper of the Year”. From January 2013 to February 2018 Steingart was Chairman of the management suite of the Handelsblatt Media Group and publisher of Germany’s largest Business paper.

His daily newsletter, “Steingart’s Morning Briefing”, in which every morning he trenchantly highlights the current world development and economic events, placed number one in Germany. With this “Pre-Breakfast Medium” Steingart created a modern form of the miniature daily newspaper, which is now complemented by a Morning Briefing Podcast. Besides news and commentaries readers may find exclusive interviews with opinion leaders from politics, business and culture.

Steingart has decided to found his own media company in 2018. The Berlin-based company “Media Pioneer” delivers critical and independent quality journalism for the digital age. The preamble states: “Media Pioneer is committed to a journalistic liberalism that consciously brings to light ‘the other view’. The Readers should not be indoctrinated but inspired. Democracy lives from the competition of opinions. And freedom of opinion is not a gift, but an obligation. The problem is not the critical journalist, the problem is the harmless one.”

# Does psychotherapy bring freedom?

**Jürg Liechti** | Psychiatry and Psychotherapy FMH, Centre for Systemic Therapy and Counselling ZSB Bern



Can psychotherapy bring freedom and happiness? Or can it endanger a patient's health? In this article, author and psychiatrist Jürg Liechti talks about psychotherapy and the various effects it can have on patients.

## Psychotherapy works

From its beginnings in the second half of the 19th century, psychotherapy has aimed to relieve symptoms and, as far as possible, free its patients from mental suffering. For a long time psychotherapy was assumed to be of limited effect, but harmless (1). This assumption has been proven wrong: psychotherapy works. Research shows that it works better and more quickly than placebo treatment or indeed no medical intervention at all. Some two-thirds of patients with mental disorders are treated successfully. This success rate is comparable to that of coronary bypass surgery or treating arthritis with drugs (2).

To this day, however, it is unclear how psychotherapy works. Whether the effective factors in the therapy eliminate a specific disorder or enhance unspecific healing powers (through common factors, e.g. the quality of the therapeutic relationship and the patient's own resources) is unclear. Research results clearly point to interactions between disorder-specific and common factors (3). This is also supported by the coexistence of numerous forms of psychotherapy, more than twenty of which are authorised in Switzerland. Apparently, different approaches lead to similar results (something psychotherapy research has termed the "equivalence paradox" or the "Dodo bird verdict", after the Dodo's decision in Alice in Wonderland: "Everybody has won, and all must have prizes!" Lewis Carroll 1865). For certain disorders, there is (weak) evidence that some models are superior. In the case of severe phobias, for example, confrontation with the object of the fear (exposure to spiders in cases of arachnophobia) has proven more effective than e.g. client-centred therapy.

## Can psychotherapy endanger a patient's health

However, one third of psychotherapy patients do not experience any benefits and in 10% of cases the therapy even causes harm (4). On the one hand, this may be evidence of the inevitable "residual risk" of any medical intervention. Anyone who begins psychotherapy must expect increased mood swings, or stressful memories to come to the surface. On the other hand, human error can occur at various stages of the process. The diagnosis may be wrong: an example would be where thyroid disease is overlooked in a patient suffering from depression. In addition, because of weak empirical evidence, only recommendations can be made for individual procedures and there are few binding standards. For example, when treating a young person suffering from anorexia, it is recommended that the parents should be involved in the therapy as they can often play a vital role. However, since conducting therapy in a multi-person setting requires specific skills, it is often decided not to involve the parents, with the result that the therapy is discontinued or delayed.

A further risk is a mismatch between the patient and the therapist, which jeopardises cooperation and makes it less likely that the patient will do what the therapist recommends. Potential risks are also found in clinical management. In psychiatric hospitals there is a tendency for psychotherapy to be delegated "down" to inexperienced junior doctors and psychologists (which would be inconceivable in surgery).

These risks are potentially harmful to people seeking help and they restrict their freedom to decide. However, the dependency inherent in a psychotherapeutic relationship brings a risk that does not involve "residual risk" but instead lies in misconduct (5). The broad list of misdemeanours ranges from behaviour that exceeds the ethical, moral or legal limits or sloppy practices to sexual, financial, emotional and spiritual exploitation. The cases that most commonly make headline-news are those of sexual abuse. Statistically, the most high-risk scenario involves a male therapist and a female patient, but many other forms of clear misuse of power are known. Blatant cases include borrowing money from patients, using them to run errands, to work in the kitchen or garden, or to babysit. Role reversals occur as well, with therapists unburdening their souls to their patients. Crossing the line in this way can have devastating consequences for the patient, in some cases even leading to suicide.

The professionalisation of psychotherapy in recent decades has raised awareness of the problem. Better scientific studies have been conducted on the negative effects and the error culture has improved. Contact points for victims have been established and the topic increasingly attracts public attention. Clear requirements have been introduced, such as mandatory documentation (e.g. video recording therapy sessions), permanent supervision, continuing professional education and disclosure of the procedures used. There is no doubt that the image of psychotherapy has changed for the better and the demand for psychotherapeutic treatment has risen considerably. However, the growing number of professionals also brings an increased responsibility for making adequate training available that should be based on empirical findings rather than ideologies and beliefs.

## The “helping people to help themselves” approach — a contradiction in terms

What is less well known is that it is not only errors or undesirable side effects or criminal overstepping of the limits that potentially impinge on the freedom to decide of persons seeking help. The concept of psychotherapy itself implies — at least temporarily — a certain restriction of freedom, given that it is oriented towards a self-help approach. Western ethics assume that the decision to undergo psychotherapy will be based on a freely made decision: thus psychotherapy presupposes autonomy while at the same time it makes autonomy its main objective. This is reminiscent of the Cretan Epimenides, who said “all Cretans are liars”. If he is lying, then his statement is not a lie, but if what he says is true, then his statement is a lie. This may pose a fascinating conundrum for students of philosophy and logic, but it often leads to a practical dilemma in psychotherapy. In June 2019 the parents of Noa Pothoven, a 17-year-old Dutch girl, spoke publicly (6) after their daughter, who suffered from a severe form of anorexia nervosa, starved herself to death in a palliative clinic. They expressed their grief but stressed that it had been their daughter’s own decision to starve. A tragic situation that leaves the parents powerless. But should professionals let an underweight teenager who is suffering from a severe mental illness starve to death when she could perhaps be saved by force-feeding? Does freedom also include the freedom to be made unfree by pathological compulsion or death? Or must the situation be interpreted as a roundabout cry for help? It is impossible to provide a “real” answer.

## Does psychotherapy bring freedom?



If people do not learn to deal responsibly and creatively with their freedom, their “fear of freedom” (Erich Fromm, 1941) may tempt them to slide into authoritarianism, destructiveness and conformity (7). Take the case of a 49-year old master carpenter who had given up his job because he suffered from a severe anxiety disorder. For many years he lived a quite stable but increasingly lonely life with his mother in the parental home. On the recommendation of his psychotherapist and after a great deal of to-ing and fro-ing, he decided to join a therapy programme for people with anxiety disorders. Gradually overcoming his social fears, he summoned up the courage to leave the parental home and move into an apartment with a fellow patient from the programme, a younger woman. A year later he confessed to his therapist that he felt trapped because his girlfriend was pregnant, but he wanted to break up with her. The therapy programme had created freedom for him that in the end had made him subjectively less free.

These and similar therapeutic processes show that although psychotherapy can be very effective, it can bring about painful conflicts and predicaments which may restrict freedom, albeit temporarily. In his publication “Open Society”, the philosopher Karl Popper noted that there is no institutional means of making people happy but that they should be entitled to receive any possible help they need, and above all, they should have the right not to be made unhappy (8). Psychotherapy is not a promise of happiness. It is an increasingly scientific form of treatment that frees people from mental suffering insofar as it can be carried out without causing any harm.

*Jürg Liechti / March 2020*
*(Translated by Madeleine Williams)*

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**Jürg Liechti**

Jürg Liechti, Dr med., born 1948; Specialist in Psychiatry and Psychotherapy; has run his own practice in Bern since 1985; 1995-2014 establishment, development and management of the Centre for Systemic Therapy and Counselling ZSB Bern (www.zsb-bern.ch); teaching consultant at clinics and universities in Bern, Zürich and Basel until 2019; supervisor of clinics and institutes, founding member of the Swiss Society for Systemic Therapy and Counselling (www.systemis.ch).

# “Fighting corruption is an essential part of democracy”

**Anne Schwöbel** | Vice president of the Weltethos foundation



In an increasingly divided world, the challenge of living together fruitfully is becoming more and more complex. Anne Schwöbel talks about the necessity of a basic foundation of common values, the importance of fighting corruption, fake news and about the dilemmas whistleblowers face.

**You are the Vice President of the Weltethos Foundation, an organization that works for peace between different religions and cultures. How does Weltethos work concretely to strengthen peace and promote a fruitful coexistence between the religions?**

The core task of Weltethos is the intercultural dialogue and the communication of values. Those are at the heart of peacebuilding. We need a basic foundation of common values for living together today in cultural diversity.

At present, we see a division in society; on the one hand, in an ever-increasing culturally mixed world, we have largely secular societies, and on the other hand, we see religious energies that are increasingly condensed and, unfortunately, radicalized. This leads to a growing polarization of society. To cross this divide, dialogue between religions and cultures is needed.

Thus, Weltethos focuses primarily on young people and tries to impart values and basic knowledge about the religions to them. For, alongside the family as the nucleus of ethical learning, kindergartens and schools are the central learning environment for ethical learning and for practising living together in cultural diversity. When I go into the concrete activities of Weltethos, I look at the German Foundation of Weltethos, based in Tübingen, where there is the Wordlab project, for example. This is an intercultural values project with the idea of bringing together fugitive young people with young people from Germany. Together they present themselves and their values from their respective cultural areas and develop a joint project. Other activities are poetry slam courses at schools, or anti-radicalisation workshops. When young people are asked to express their opinions on current issues, formulating an opinion is the first step towards learning tolerance.

In Switzerland we work together with the pedagogical university in St. Gallen. Within the framework of Learning Plan 21, there is a new subject ERG (Ethics, Religion and Community). We have developed a tool; an online platform that deals with different topics such as death, truth or human rights in an inter-religious way. Access to the platform is provided free of charge to teachers, where they can download content and integrate it into their school lessons in order to deal with interreligious conflict situations in a theologically sound and sensitive way.

**For many years, you were managing director of the non-governmental organization Transparency International Switzerland, which is committed to fighting corruption in politics, business and administration. Many see the fight against corruption as a duty to preserve freedom and democracy. How do you see this?**

For me, fighting corruption is an essential part of democracy. Corruption per se undermines the rule of law and weakens citizens' confidence in its stately institutions. Corruption damages the state immensely, because it also has a far-reaching negative effect on a society. Corruption not only leads to a waste of public and private resources, but also distorts competition, encourages unethical behaviour, facilitates extortion and prepares the ground for further criminal acts. This affects not only the public sector but also the private sector.

A country in which state action is not based on decisions that comply with the law, but leads to the enrichment of individuals, is not a democratic state. That is why it is so important that democracies consistently combat all corrupt behaviour.

**Switzerland is one of the world's most important trading centres for raw materials. Many companies in this sector operate in countries where corruption is a daily occurrence. What do you think should be done to reduce this problem?**

This raises the question for companies whether they want to operate in countries with an increased risk of corruption. This can be a strategic business decision. In raw materials trading and other industries, this freedom of decision is not always given. It is important to consider the situation in the respective countries and to take precautions in your own company. How preventive action can be taken and how we can protect ourselves should every entrepreneur ask himself in advance. Institutions such as Seco or the respective local chambers of commerce also offer their support in this area. Nevertheless, corruption in such countries cannot simply be eradicated.

That is why I think it is of central importance from the Swiss side that our legal system, which actually goes very far with corporate liability, also takes corrupt companies to task. Corporate liability obliges every company to take preventive measures to prevent unlawful conduct by its employees, including bribery payments to public officials abroad. If a corrupt offence is then committed, the Swiss side should apply the law consistently. Otherwise it becomes a dead letter.

**So, you think the current corporate responsibility initiative makes sense?**

Yes, it makes perfect sense and is also absolutely necessary. I see no counterargument against the initiative. If it's a matter of corporations based in Switzerland disregarding human rights or failing to comply with environmental standards abroad, they should be able to be held accountable here.

**In addition to your many years of experience in fighting corruption, you are also a member of the Board of Directors of B. Braun Medical AG, the**

**leading manufacturer of medical technology products in Switzerland. Does this bring you into conflict with the views from your previous activities?**

Not at all. B. Braun is committed to its legally compliant and socially responsible corporate governance. However, we consider compliance with applicable laws to be only a minimum requirement. Employees are sensitized and trained with our rules and regulations, such as the Code of Conduct and the corresponding behavioral guidelines, as well as educational programs. We live ethical values such as integrity, fairness and sustainability out of our inner conviction.

As a manufacturer of medical technology, pharmaceutical products and services worldwide, we want to protect and improve people's health. Just as important to us as a family-owned company in its 6th generation is socially responsible action for our environment and posterity.

After all, one has to realize that corrupt behavior harms every company. Even if an order is placed by paying a bribe, this is not a promising approach in the long term. The client receives a poor product at an inflated price. In our view, corrupt behaviour is not compatible with long-term business success.

**You lived in Barcelona for a few years, where you worked for the market development of Integrity Line, a company that, among other things, wants to strengthen the protection of whistleblowers. Whistleblowers often have the consequence that their lives and freedoms are severely restricted and they are often socially discredited, as the case of Edward Snowden shows. By what measures can people nevertheless be encouraged to reveal the truth about cases of corruption or other breaches of law in companies and to stand up for the morally correct?**

Well, I have to say that my work and my experience at Transparency International Switzerland have unfortunately led me to the conclusion that I am very cautious and that whistleblowers are advised to weigh up the risks very clearly before going public with information. This is because whistleblowers are simply not sufficiently protected here in Switzerland. Unfortunately, in the beginning of march the National Council rejected the bill after 12 years, which was intended to provide better protection for whistleblowers. I have also been personally involved with whistleblowers in my work at Transparency International Switzerland and have witnessed their fate, so I am very reticent about this. I would actually ask companies to do more for whistleblowers now, because the legal situation for whistleblowers is not sufficiently protective. Every company has an interest in knowing whether there are irregularities or violations of the law within the company. Whistleblowers in the company should be encouraged to

report them as soon as possible. This requires a culture of openness. Appropriate communication channels must be established. A culture of openness for whistleblowers is of course essential.

**Bradley Birkenfeld is probably one of the best-known whistleblowers in the financial sector and has received compensation - according to media reports - of over 100 million USD. What do you think of this?**

I don’t approve that. Of course, you can't compare the American legal system with our Swiss legal system in general. But the motivation of a whistleblower should not be pecuniary and you shouldn't encourage that as well. A whistleblower should inform about an irregularity or a violation of the law based on his inner conviction, his understanding of the law and his loyalty to his employer. Whistlebwoing should not be about making money from such a situation.

**Employees are often caught between loyalty to the company and a conflict of conscience in the case of visible irregularities. How do you recommend dealing with this dilemma?**

Abuse is never in the best interest of the company. Therefore, it should be seen that the first thing to do is to inform the prescribed competent authority within the company. Only when all internal channels have been exhausted and there is no reaction should the competent authorities be addressed. If there is no reaction either, the last step is to contact the public.

The dilemma, for example, when it comes to a good colleague who is unlawfully enriched, this dilemma cannot be erased. Whistleblwoing remains a very personal decision that everyone must make with their own conscience.

**Platforms such as Wikileaks allow the anonymous publication of secret documents, which protects whistleblowers but does not allow false information and rumours to be traced. To what extent do you see a problem with this, also with regard to the scandalizing interest of certain media?**

Supporters say that citizens have a right to know everything that serves to form public opinion. I sometimes wonder at what price and how one can still form an opinion when thousands of documents are published, how can they be judged on their relevance? That is the task for which we actually have journalists. It becomes problematic when the media does not want to publish relevant material. I am thinking here of the Bradley Manning case. He was a member of the US armed forces during the Iraq war. An IT specialist who

had first contacted the Washington Post and the New York Times, and neither of them had even considered his documents, then he went to Wikileaks. It is precisely in such cases that these kinds of platforms have their justification. I just have to say, It's a double-edged sword.

**A related problem today is of course increasingly the fake news. What measures do you think are important to counteract the effects of fake news?**

This is not an easy question. I think everyone has to start with themselves and be prepared to pay for well-researched journalism and to look closely at sources. I'll give you a short example from Amnesty International, they do a wonderful job. On the one hand, they have staff members who go to the crisis areas on the ground and interview victims and witnesses about the situation. On the other hand, they work together with universities, where students spend hours studying satellite images of the affected areas in painstaking detail and compare the images with the statements of the people affected. Using the latest technology, the witness statements are checked for consistency with what is visible on the images. Based on these sources, Amnesty International then publishes a report on a crisis situation. In my view, this is an impressive example of serious reporting and human rights research in a more complicated world of mis- and dis-information.

**So, it is also the responsibility of the reader to carefully select sources and not just letting everything sink in?**

Exactly yes, I can only underline that. Particularly in the current situation with the corona crisis, caution is called for with regard to what information is circulating on the social media. I personally keep my distance and rely on information from the government and the statements of experts.

## Anne Schwöbel

Anne Schwöbel graduated in law at the University of Geneva and holds an executive MBA in Media and Communication from the University of St. Gallen. As a member of the Board of Directors of B. Braun Medical AG, she is involved in the family business. B. Braun Medical AG was founded by her parents in 1973 and is Switzerland's leading manufacturer of medical technology products. For many years, she served as Managing Director of the non-governmental organization Transparency International Switzerland. Until 2017, she has lived in Barcelona for five years where she worked on the market development of Integrity Line, a Swiss risk management company that offers protected whistleblower systems. Anne Schwöbel is active in numerous mandates, is a board member of the German-Swiss Chamber of Commerce and vice president of the Weltethos foundation.

# “We need a change of attitude in politics!”

**Carolina Müller-Möhl** | Founder and President of Müller-Möhl Group and Müller-Möhl Foundation



Carolina Müller-Möhl on her new commitment in Africa, freedom, and the importance of early childhood development. Furthermore, she explains what universities in Switzerland can learn from those in the US.

**You are the founder of the Müller-Möhl Foundation, which is strongly committed to education. To what extent do you believe that education is the key to freedom?**

Education is definitely a key to freedom. Economically speaking, a solid education and training leads to employment and financial and social independence. But that is only a part of what I understand by education. Education includes, among other things, criticism, self-criticism, personal development, joy of life, sensitivity, solidarity and an open horizon. These attributions could also apply to freedom. But what I think is striking is one essential commonality between both: Education and freedom are not a status quo, but they are processes. We must constantly educate ourselves, professionally and personally, throughout a lifetime. We must constantly fight for social, political and individual freedoms: for our own and that of others. Education at a standstill is a setback. Freedoms that one does not continuously stand up for are lost freedoms.

**The Müller-Möhl Foundation addresses the challenges facing Switzerland and focuses, among other things, on education. One of the biggest problems of the global education system is that many children in developing and emerging countries have no access to education. Why does the Foundation focus primarily on Switzerland?**

When establishing the foundation, it was important to me, that we can achieve the best possible impact. I know Switzerland best, I am familiar with the education system and I have good networks in business, politics and society. Under these conditions, we can work most efficiently. We know the problems and we know how to tackle them. And by the way, there are also areas in Switzerland in which the work, know-how, voice and finances of foundations are needed.



Nevertheless, today more than ever, we live in an interconnected world. This is why the Müller-Möhl Foundation has opened an international chapter. We started with the African continent and with two partners: elea Foundation and Space for Giants.

elea Foundation is an active philanthropic impact investor that fights absolute poverty with entrepreneurial means. Space for Giants is a non-profit organization that works to protect wild animals, nature and the environment in Africa, as well as to provide local communities with an income through the peaceful coexistence of humans and animals, especially elephants.

**The foundation also focuses on the compatibility of work and family. According to the Universal Declaration of Human Rights, everyone has the right to a family and the right to work. Today, however, they are not compatible for many people – especially for women. What do you think are potential solutions to this incompatibility?**

The difficulty in reconciling work and family life in Switzerland (and even more challenging is the reconciliation of career and family) often leads families to choose to apply the classic family model: The man earns the money, while the woman takes care of the children, housework and other family affairs. It is unfortunately not uncommon for mothers to never again gain a foothold in the labour market.

Studies show that the consequences for these women can be far-reaching:

- Their exposure to health risks is above average.
- They are threatened by poverty in old age.
- In the long term, there is less money in the family coffers.
- There is less productivity and tax revenue for the state.
- The economy has fewer skilled workers at its disposal.

In order to ensure that women stay in or re-enter the labour market after an intensive family time, we need to remove disincentives to work and create positive incentives to work. To achieve this, the OECD has recommended that Switzerland introduces an individual taxation. In addition, for a better compatibility of work and family we need to make external childcare affordable for everyone and we have to install all-day schools throughout Switzerland.

**With your foundation, the Müller-Möhl Foundation, you are also committed to early-childhood education. Why did you choose this niche?**

A major shortcoming in Switzerland is the lack of sufficient investment in early-childhood education. At 0.2%, Switzerland is far below the 1% of gross national product recommended by the OECD. We think Switzerland has to significantly increase the volume of investment in this area since studies clearly show that successful early-childhood education leads to more economic growth, less crime and fewer social cases. This in turn means savings for society and the state in the billions. We need a change of attitude in politics! That is why the Müller-Möhl Foundation supports efforts in the area of research and conducts active public relations work.

**You represent the motto "You can lose fame, money and names, but not what you have in your head". To what extent has this principle**



**influenced your actions and decision-making practices in your career to date?**

I had the privilege of growing up in a family that cultivated a lively culture of discussion and in which an attitude of values was and still is an expression of a lived personal conviction. My parents raised me to question things critically. Philosophical, political, ethical or religious attitudes were not predetermined. We cultivated a humanistic ideal of family and education.

From a very early age, I was made aware of the importance of a good education. Also  the boarding school “Schule Schloss Salem”, which I enter at the age of 12, has made it its business to let the pupils grow up to be critical thinking, socially acting and tolerant people.

An important motto of Salem was “plus est en vous” – more is in you. Therefore, my upbringing on one hand and my experiences on the other led me to the conviction that values such as personal responsibility, independence, courage, tolerance, justice and willingness to perform are important factors for a successful life.

**Due to increasing populism, climate change and technological upheaval, liberalism is coming under increasing pressure, and with it the individual freedom that underlies it. At the same time, non-democratic systems appear to be becoming increasingly self-confident, and the question arises as to which aspects of freedom are currently under attack and may require strong defence in the future. Do you currently see a concrete need for action to protect individual freedom in the future?**

Individual freedoms must always be protected, they never were, are not and will never be a guaranteed good. We have to make sure that we

1. cultivate our political system and that we all participate in our votes,
2. strengthen the militia system and prevent a purely political class,
3. support liberal teaching and research at universities with access to education for all parts of the population.

**Many renowned companies visit the University of St. Gallen and compete for the young talents.**



**Consequently, students are often confronted with a positive surplus of opportunities. What advice would you give graduates when evaluating the “right” company?**

A key question for students should be to companies: “How do you feel about the compatibility of work and family?” Why should you ask this question? Because: In general it has been shown that companies with diverse teams perform better than those whose management team consists only or almost entirely of one gender. The working atmosphere is better and it is easier to start a family. And a good compatibility of work and family makes you happy. This is confirmed by a recently published long-term study by Harvard University.

In short, the best company from my point of view is the one that allows you to combine having a family and an interesting job.

**You have an extremely international educational background. What can universities abroad learn from those in Switzerland and where do foreign educational institutions have the edge over those in Switzerland?**



Many students at Swiss universities attend a university abroad as part of their studies. This international exchange is extremely beneficial for the students, their language skills and their cultural and personal horizons. Some universities abroad could actively promote international student exchange, as Swiss universities already do.

From the universities in the USA, for example, we can learn how to tap into additional sources of funding. Their Alumni programmes are often exemplary and often ahead of Swiss programmes.



## Carolina Müller-Möhl

Carolina Müller-Möhl is founder and president of the Müller-Möhl Group, a Single Family Office. She has served as a board member of Nestlé and currently sits on different boards, i.a. Neue Zürcher Zeitung and Fielmann. Carolina is highly committed to address socio-political causes and brings her efforts under the Müller-Möhl Foundation, which focuses on compatibility of work and family life, education, promotion of a free market in Switzerland and philanthropy. Furthermore she sits on several foundation boards, i.a. Bertelsmann Foundation. In 2007 she was nominated Young Global Leader by the World Economic Forum.


Turn a viewpoint
on its head.
Find a new
vision.
&Go.
&Go is more than just a promise that we'll push you, as our colleague, to constantly progress. It's also our promise to stand behind you, no matter how you strive for success within your team. Even if there are a few bumps along the way – just make sure everything's done with great vision. That's what working for Helvetia is all about. helvetia.ch/career
simple. clear. helvetia
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