

Croatian case

CHI Manufacturing, a family-owned chair manufacturing company, stands as a testament to the resilience, dedication, and entrepreneurial spirit that has existed for more than 30 years. Founded and led by Ana and Josip, the company began as a small-scale venture and grew into a very successful company with 30 million euros in revenue and more than 150 employees. Over the years, their commitment to quality and authenticity established the CHI Manufacturing as a respected name in the industry. In the next few years, the company must go through succession from the 1st to the 2nd generation. Representatives of the 2nd generation are two brothers, Nikola and Tomislav. They both finished the Faculty of Economics. Tomislav, older brother, joined the company when he finished school and was assigned to lead marketing and administration. Younger brother Nikola also joined immediately after obtaining his university degree and oversaw production. For both brothers, there was no moment to think of something else but to join the family business.

They participated in small business activities early, helping their parents. The parents are fully engaged and decision-makers in the family business. After the brothers took the roles, each received 25% of the family business. With ownership, parents wanted the brothers' responsibility to be equal to the parents.

The rise of digital marketing and global competition in the last 10 years prompted CHI Manufacturing to adapt. Under the guidance of Tomislav, the company ventured into online sales and brand development while Nikola spearheaded technological advancements in production.

The family navigated the delicate balance between tradition and innovation, introducing modern techniques without compromising the authenticity of their craft. Challenges arose, particularly in aligning the differing visions of the older and younger generations. Brothers are different, and the way how they approach a business is different; one of them likes free time and a job from 8 to 4, and the other brother sees that this is not possible in the family business, because of all the unexpected events occur (younger generation with parents) needs to resolve it, even though it is weekend or 10 PM. Also, there were challenges in skills, competencies, and expectations of older generations. Early on, the older brother received the first project of renovating the old manufacturing building, with no experience. Even though it was successful in the end, it was very frustrating and challenging for one of the brothers.

However, open communication and a shared commitment to the family's values facilitated a smoother transition and shared goals. Even though the succession will take place in the next few years, both brothers agreed that they are still not ready to fully take over the company and that they need to gain more experience in the furniture manufacturing industry. They acknowledge the need for continued learning and mentorship of the parents, emphasizing that the family legacy depends on proactive evolving with the times.

Reflection question #1.

What challenges and successes have emerged in passing down the entrepreneurial spirit to the next generation, and how has it influenced your family business's overall sustainability and growth?

Reflection question #2.



How can you map the skills and competencies of the next generation to be more aligned with the business and their expertise?

Reflection question #3.

As you contemplate the purpose and goals of your professional life, what fundamental values and aspirations drive your decisions and actions? How do these core elements contribute to a sense of purpose and direction, and in what ways do your business goals evolve?



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