

Thousand Year Businesses: Factors Defining Success

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Presentation Outline

- Oldest Existing Businesses
 - Worldwide
 - United States
 - New Mexico
 - Albuquerque
- Reasons For Failure
- Long-term Success Factors
 - The Living Company
- Ideas to Build a Thousand Year Business
- Additional Reading

Oldest Existing Businesses

	Founded	Name	Location	Products/Services	Yrs in Business
1	578	Kongo Gumi	Japan	Construction	1,441
2	705	Nisshiyam Onsen Keiunkan	Japan	Hotel	1,314
3	717	Koman	Japan	Hotel	1,302
4	718	Hoshi Ryokan	Japan	Hotel	1,301
5	771	Genda Shigyo	Japan	Ceremonial Paper Goods	1,248
6	803	St. Peter Stiftskulinarium	Austria	Restaurant	1,216
7	862	Staffelter Hoff	Germany	Wine	1,157
8	864	Monnaie de Paris	France	Mint	1,155
9	885	Tanaka-Iga	Japan	Religious Goods	1,134
10	886	Royal Mint	United Kingdom	Mint	1,133
1	1613	Shirley Plantation	Charles City County, VA	Farm	406
2	1623	Avedis Zildjian Company	Norwell, MA	Musical Instruments	396
3	1632	Tuttle's Red Barn	Dover, NH	Farm	387
4	1639	Field View Farm	Orange, CT	Farm	380
5	1642	Barker's Farm	North Andover, MA	Farm	377
6	1667	Seaside Inn	Kennebunkport, ME	Hotel	352
7	1673	White Horse Tavern	Newport, RI	Restaurant	346
8	1680	Saunderskill	Accord, Ulster County, NY	Farm	339
9	1690	Towle Silversmiths	Hampton, NH	Silversmith	329
10	1702	J.E. Rhoads & Sons	Marple, PA	Tannery	317

Typical Reasons for Failure

- 10 Reasons Why 7 Out of 10 Businesses Fail Within 10 Years
 1. Failure to deliver real value
 2. Failure to connect with their target audience
 3. Failure to optimize conversions
 4. Failure to create an effective sales funnel
 5. Lack of authenticity and transparency
 6. Unable to compete against market leaders
 7. Inability to control expenses
 8. Lack of strategic and effective leadership
 9. Failure to build an employee “tribe”
 10. Failure to Create the Proper Business Systems

Source: R.L. Adams, Entrepreneur, 9/26/17, <https://www.entrepreneur.com/article/299522>

- Family Business Outcomes
 - “The first generation starts a business. The second generation runs it. And the third generation ruins it.”
 - According to the Family Business Institute, only 30% of family businesses are being run by the second generation, 12% by the third, and 3% by the fourth generation and beyond.

Factors Supporting Longevity

- **Management:**
 - Strong, Smart, Focused Leaders
 - Stated Mission and Strategy – Tied To “Why”
 - Focus on Long-Term Goals, Succession Planning
 - Family-Owned Business (when it works)
- **Marketing:**
 - Proactively Adapt to Changing Customer Needs and Market Trends
 - Strong USP and Brand Identity
 - Maximize Revenues and Profits
- **Operations:**
 - Efficient Structure and Procedures
 - Focus on Quality and Continuous Improvement
 - Minimize Costs
- **Local Support Organizations;**
 - Albuquerque Quality Network, <http://aqnetwork.org/wp/>
 - Association for Talent Development, <http://atdnm.org/>
 - Human Resource Management Association, www.hrmanm.org
 - Quality New Mexico, www.qualitynewmexico.org
 - UNM Center for Family Business, <https://parker.mgt.unm.edu/>

The Living Company

Arie De Geus, Analyzed 30 Centuries Old Businesses

“Companies die because their managers focus on the economic activity of producing goods and services, and they forget that their organizations' true nature is that of a community of humans.”

Commonalities / Long-Lived Companies were...

1. **Sensitive** to their environment [and] remained in harmony with the world around them.
2. **Cohesive** with a strong sense of identity. No matter how widely diversified they were, their employees (and even their suppliers, at times) felt they were all part of one entity.
3. **Tolerant** [and] generally avoided exercising any centralized control over attempts to diversify the company.
4. **Conservative** in financing. They were frugal and did not risk their capital gratuitously.

Ideas to Build a Thousand Year Business

- **Management / Leadership**

(Ideas: Onboarding, Succession Planning, B-Corporation, etc.)

- **Marketing:**

(Ideas: Customer Surveys, Transaction Analysis, etc.)

- **Operations:**

(Ideas: TQM, Zero Base Budgeting, etc.)

Additional Reading

Articles:

Make the 100-Year Business Plan
Damon Brown, Inc. 11/10/17.

<https://www.inc.com/damon-brown/the-five-year-plan-is-old-what-are-you-doing-in-a-century.html>

Why are so Many of the World's Oldest Businesses in Japan?,
Zachary Crockett, 7/15/15.

<https://priceconomics.com/why-are-so-many-of-the-worlds-oldest-businesses-in/>

Books:

Borrowed From Your Grandchildren: The Evolution of 100-Year Family Enterprises, Dennis T. Jaffe, John Wiley & Sons, Inc., 2020.

Family Fortunes: How to Build Family Wealth and Hold on to It for 100 Years, Bill and Will Bonner, John Wiley & Sons, Inc., 2012.

Good Fortune: Building a Hundred Year Enterprise, Dennis T. Jaffe, PhD, Wise Counsel Research, 2015.

Powering Business: The First 100 Years of Eaton Corporation, Jeffrey L. Rodengen, Write Stuff Enterprises, LLC, 1011

Resilience of 100-Year Family Enterprises: How Opportunistic Innovation, Business Discipline and a Culture of Stewardship Guide the Journey Across the Generations, Dennis T. Jaffe, Wise Counsel Research, 2018.

Social Impact in Hundred-Year Family Businesses: How Family Values Drive Sustainability Through Philanthropy, Impact, and CSR, Dennis T. Jaffe, Isabelle Lescent-Giles, PhD and Jamie Traeger-Muney, PhD, Merrill Center for Family Wealth, 2019.

The Living Company: Growth, Learning and Longevity in Business, Arie de Geus, Nicholas Brealey International Publishing, 1999.