

The Ferré Media Group

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This is a very successful family corporation. *El Nuevo Día* enjoys the highest circulation of any newspaper in Puerto Rico, and the three-year-old *Primera Hora* is the fastest growing daily. Combined, they dominate the market for news and advertising on the island. Our family name has the highest recognition factor in all of Puerto Rico, according to a recent survey. But as we move the enterprise to members of the next generation, how do we nurture a culture of cooperation and communication vs. sibling and branch rivalries as the extended family grows? How do we integrate their spouses into what they are doing, to what they are working so hard to build? For that matter, what should we be doing to prepare the generation after that for stewardship and the continuity of this family enterprise?

—Antonio Luis Ferré, Chair, Grupo Ferré Rangel

These were the questions that Antonio Luis Ferré, chair of the Grupo Ferré Rangel, was asking himself as he pondered the next phase of the 10-year succession process he had been leading since 1993. At stake were a media and publishing empire and a family that was an icon in Puerto Rico. *El Nuevo Día* and the Ferré family were among the most trusted institutions in the country. Its investigations made or broke administrations and governors. Five next-generation members were either already successfully running business units or in leadership positions in the editorial departments of the newspapers or in the holding company. The Grupo Ferré Rangel consisted of publishing and other media, printing, recycling, real estate, a family venture capital fund, and, until 2002, a controlling stake in Puerto Rican Cement, a New York Stock Exchange (NYSE)-listed company with \$250 million in annual revenues.¹

¹Puerto Rican Cement agreed to be acquired by CEMEX, the multinational cement company headquartered in Monterrey, Mexico, on June 12, 2002, for approximately \$180 million and the assumption of all outstanding debt.



AN ENTERPRISING FAMILY TRADITION

Antonio Luis Ferré's grandfather founded Puerto Rican Cement in 1944. Luis A. Ferré, his successor and Antonio's father, had earned an engineering degree from MIT before joining the growing company, into which he eventually brought his sons. Antonio joined Puerto Rican Cement after receiving his MBA from the Harvard Business School in 1957. At Puerto Rican Cement, he worked first in production and labor relations, later becoming general manager and eventually president of the company. But by the mid-1960s, amid tension and sibling rivalry, Antonio and his brothers agreed to divide up the companies and their shares rather than risk further family disharmony.

In 1968, Luis A. Ferré was elected governor of Puerto Rico. That same year, Antonio paid his father \$400,000 for the struggling small newspaper *El Día*, located in the southern city of Ponce. Antonio nurtured the dream of turning *El Día* into the largest and most influential newspaper in Puerto Rico. He preferred the news business to the cement business because of its involvement in politics and the world of words and ideas, as well as its deep roots in the community. He nevertheless continued serving as president of Puerto Rican Cement. He led this firm as it became the first Latin American company to be listed on the NYSE, and eventually he became its chair.

Antonio moved operations of the small *El Día* to the capital city of San Juan, and on May 18, 1970, he published the first edition of *El Nuevo Día* (ENDI). As its name implied, the new daily would be different, modern, and dynamic. It would have a fresh new tabloid look and display its agility with independent and informative news coverage.

ENDI's first editorial, entitled "What We Believe," declared that the publisher did not wish to just create one more newspaper, one more business, but rather, he wished to express the aspirations of a people. The editorial went on to assert that *El Nuevo Día* was a public trust that would fight crime and corruption and bring to light the social ills that beset the people of Puerto Rico. This first edition consisted of 32 pages, and the printing was outsourced. Competition at the time consisted of two very successful large-circulation Spanish-language newspapers—*El Mundo* and *El Imparcial*—and an English-language newspaper, the *San Juan Star*.

Only 2½ years after its founding, *El Nuevo Día* had become an important editorial voice. Its circulation grew from 40,000 to about 120,000 over the next five years. In the mid-1970s, when ENDI covered and investigated corruption in the ranks of the police on the western part of the island, it was denounced as irresponsible and sensationalist. The continuing coverage of corruption and abuses and excesses by the executive and legislative branches of the government would forge a stronger character and a new journalistic image for the paper. Its growth accelerated, and by 1978 the new daily had surpassed the circulation of its largest rival, *El Mundo*, and had become the largest print advertising medium in Puerto Rico.

In 1995, when *El Nuevo Día* celebrated its 25th anniversary, its honors included being among the top 10 Spanish-Portuguese language newspapers in Latin America; a ranking among the top 45 dailies, by circulation, in the United States; and providing employment for close to 1,000 dedicated people (See Figure A).

Our Mission

El Nuevo Día is a family enterprise, a leader in the communications industry, committed to excellence on behalf of its customers. As a communications medium, with editorial independence, we keep citizens informed, serve as a free forum of ideas, and disseminate democratic and cultural values with the intent of promoting a fairer society.

Our Creed

Integrity, Respect, and Humility
Customer Service
Excellence
Leadership
Profitability
Spirit of Enterprise
Open Communications
Teamwork
Socially Responsible and Community Responsive

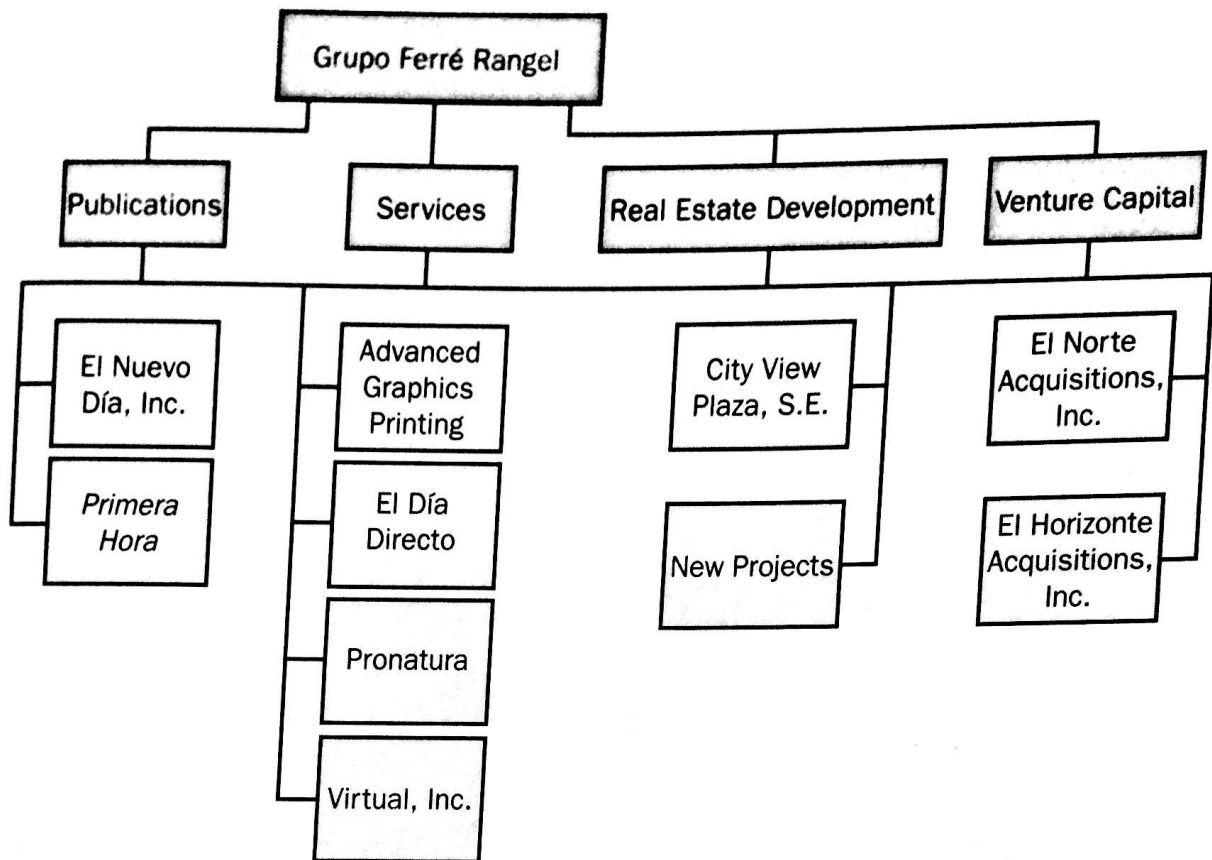
El Nuevo Día had grown to an average of 206 pages an issue, with a circulation of approximately 230,000 issues daily and 245,000 issues on Sunday. New sections and features kept the product young and fresh. It held a 30 percent share of the advertising market and was now being printed in color. Diversification was being pursued, and a series of companies—some related to publishing, others not—had been founded. (Figure B provides a chart showing the companies under family control.)

**THE FERRÉ RANGEL FAMILY**

The Ferré Rangel family represents the fourth generation of a long line of business and civic leaders, and entrepreneurs. The first-generation business was a foundry. As the business grew, it added paper and cement to the mix and operated in several countries. In the 1960s, the family company confronted a financial crisis that led to its restructuring. Some of the businesses, now owned by individual third-generation family branches, survived while others did not.

Antonio Luis Ferré married Luisa Rangel in 1964. Antonio considered his marriage to be his most important and best decision. Luisa, he says, influenced him tremendously through her counsel; she placed great emphasis on keeping the family informed and nurturing the participation of the children in the family and the business. Luisa held a variety of positions within *El Nuevo Día* over the years; more recently, she

FIGURE B Grupo Ferré Rangel Companies

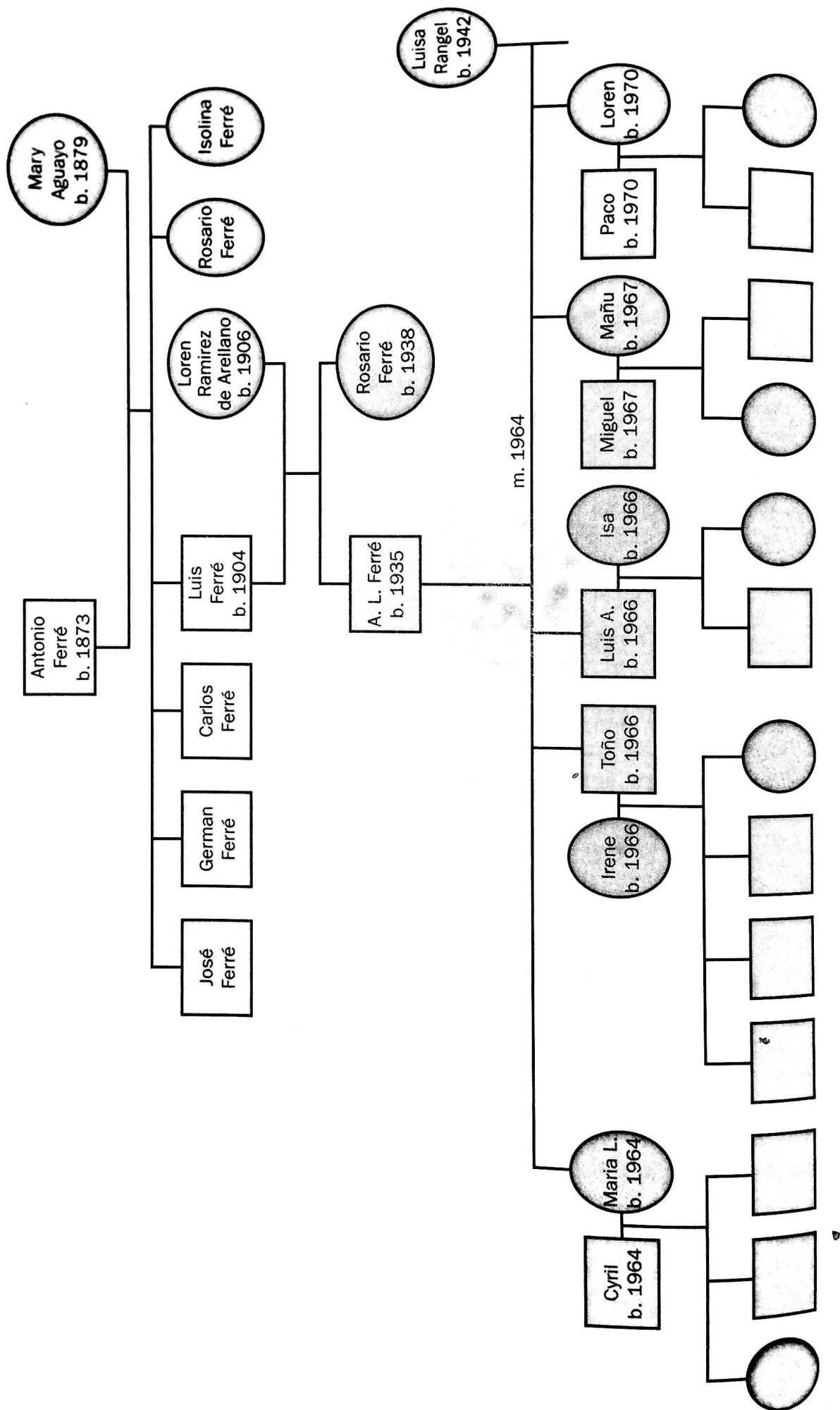


led the Ferré Rangel family foundation. She was also on the board of directors of *El Nuevo Día* and the Grupo Ferré Rangel, the holding company. As of 2012, their five children—María Luisa, 48; Luis Alberto and his twin brother Antonio Luis (Toño), 46; María Eugenia (Mañu), 45; and Loren, 42—were all married and had children of their own (see Figure C).

Antonio and Luisa believed that the succession process began before the beginning. In other words, the way they brought up and educated their children had much bearing on the family's ability to both attract to and retain in the enterprise the very capable members of the next generation. They lived by the maxim "Plenty of love, equally distributed." They paid attention to the unique needs and potential of each individual child as he or she grew. They were encouraged not to harbor rivalries but rather to enjoy things as a group.

At an early age, the Ferré Rangel children were told that their only inheritance would be their education. The rest was up to them, and therefore seeking excellence and doing things well would be important to their futures. Their involvement in the business began while they were still in college, but their jobs in the company after graduation emphasized a ground-up approach. They all worked in lower-level jobs, whether as writers, researchers, reporters, or administrators, and generally reported to nonfamily managers. They were mentored and received feedback on their performance, both from their direct supervisors and from their parents. The adult siblings considered it critical that they agree on business goals, since they could all conceivably want to be president of the company.

FIGURE C Ferré Rangel Family Tree





FAMILY COUNCIL MEETINGS

In 1993, the Ferré Rangel family began to meet regularly to discuss family and business issues. Over the next several years, they developed a family constitution, a document that guided their succession-planning discussions. In it, they established guidelines for the involvement of family members and the eventual transition across generations. The family constitution included a statement of family values; criteria for employing family members and restricting the employment of in-laws; behavioral expectations of next-generation members involved in the company; principles regarding the relations between family and nonfamily managers; guidelines for decision making, including Antonio's tie-breaking role during the next seven years; and a commitment to the professional management of the family-owned enterprise.

Family council meetings were given top priority in the busy schedules of all the owner-managers. These half-day meetings included discussions about the business, investments, the succession process, conflicts between the siblings or between family and nonfamily managers, and relationships between family members. Any emerging conflicts were addressed. According to one in-law, family dynamics improved as a result of the meetings: "I am a lot more confident and optimistic since these family meetings started. It takes time to express and listen to other opinions and understand the different perspectives. Without it, and without accommodating others' ideas, all you are doing is competing."

In 1995, the first family weekend retreat was held. It included the spouses of next-generation members. Spouses were briefed on the state of the business (financial results, strategy of the various business units, and new developments) with the intention of leveling the playing field for family members not working in the business. The family mission statement developed and acknowledged the important role of spouses in a supportive role vis-à-vis the family members who worked in the family enterprise. Several spouses had demanding careers of their own in other fields.

Over the next several years, these annual retreats continued to update spouses on the family enterprise, promote discussion of family-business cases, and nurture candid discussion about the unique skills and career aspirations of next-generation members.

As he prepared himself for a family retreat, Antonio recalled,

I had set 2004 as the target date for the transition because I wanted us to plan and be disciplined about doing what we needed to do to be ready. But I started noticing some impatience with the process, a certain rush to the presidency that I found quite troubling. I wanted to be able to remain as a mentor and advisor to the leaders of the next generation and not feel pushed out.