

**Case Study**

**ETABLISSEMENTS LAQUEMANT**

**Part A. Profile of business**

*Etablissements Lacquemant*, also known as Lacquemant de Lille, is a family-owned and managed artisanal business dating back to 1821. Since 6 generations, the Lacquemant family descendants continue a culinary tradition of waffles that was born in the folklore of fun fairs, amusement parks and festive markets.



After being often on the move between different locations, the family chose to settle down in 1989 by buying the first shop at Bethune Street in Lille.

Since then, the business gradually developed in different locations. It is today focused on two locations in Lille while being present at the local fun fairs and festivities such as the Christmas market with dedicated stands.

The waffle's artisanal production and commercialization is the main business activity. The waffle is the specialty of the family business, that both young and older customers still enjoy as it is always homemade with local and fresh ingredients. It is still actually based on the recipe of the great-great-grandfather that has never been changed and is still as successful today as it was almost two centuries ago. The same production methods are used while an effort in diversification has been made to develop new products and flavors, following the evolution of customers tastes and dietary habits and the changing environment including the food regulations.

In addition to waffles, the business today offers a range of sweets products from traditional pancakes and doughnuts to artisanal ice creams with seasonal flavors all made with natural and local ingredients.

**Part B. The family dimension of business**

The family business was founded by the great-grandfather of Patrick Lacquemant. Today, both the 5<sup>th</sup> and the 6<sup>th</sup> generation work hand in hand and support each other in the different locations of the family business in Lille.



As Patrick Lacquemant, member of the 5<sup>th</sup> generation and head of the business together with his wife Nicole, puts it “the family is at the heart of the business... The family is very cohesive and close”. Priscilla and Norman, the children of Nicole and Patrick Lacquemant, are the next generation members who are taking gradually over since the past years. In the same line, they agree that “the family is the backbone of the business”.

The family members support each other whenever needed while being sometimes in charge of other activities outside the business. They never compete with each other but always act as partners.

Norman Lacquemant together with his wife Mélanie Lacquemant, are mainly involved in one of the family business shops, supporting each other. Priscilla is involved with her husband Germain Scholtes in a separate business in the restaurant industry, while continuing to support the family business whenever needed.

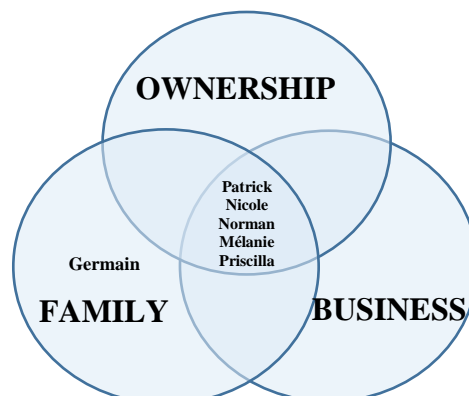


Figure 1 – Lacquemant 3-circle diagram

### **Part C. Challenges & opportunities of business growth & succession**

The main challenges relate to both the **business environment** and the **family dynamics**.

#### ***Business opportunities and challenges***

First, there are constant changes in the regulatory environment which should be followed while requiring significant time and effort, especially from a sanitary perspective. In terms of costs, the wages of the employees include a significant part related to the social contributions that adds to another significant cost related to rentals in key locations, making it difficult for an artisanal business to cover its costs and continue offering quality products.

Added to that, the business relies on a niche product while customers have changing habits whether in terms of dietary requirements (gluten free or other) and even payment means since the tendency is for the credit card payment whereas the waffles and other products' price is relatively low and the business used to rely on cash payments.

In terms of tastes, while originally the ancestors used to make one flavor of ice cream, with vanilla, nowadays meeting the customers' needs requires a diversification in terms of flavors. In the same time, the more choices, the more difficult it is for the customer to make a decision, increasing the level of complexity of the production while requiring additional time and effort.

The products proposed are in the sweets category range which are normally bought for immediate consumption mainly in the afternoon time slot. As such, the expansion in sales cannot be stretched beyond those hours. The expansion could therefore be made either at the number of locations' levels or the number of products proposed within resources constraints.

Given that the baking of the products is made on site, the shops should be preferably located in the city centre' shopping area where people can devote some time to wait for the preparation of the product and enjoy a break with a sweet dessert. The current locations on Bethune Street have been very beneficial for the business. In the same time, this leads to limit the business expansion by excluding areas around the train station for example or other business areas where people are in a speed mode and do not have the time to wait for the waffle or the pancake to be prepared.

Added to that, the cultural aspect makes the demand for sweet products in France up to a limited level as compared to the one from the neighboring countries such as Belgium and UK where residents are more prone to buy very sweet products. This could be observed on the festivities fairs such as over Christmas where foreigners travel to the city and represent a significant customer base. Given this, the production potential is not exploited to its fullest given the limited number of attractive sales locations.

#### ***Family dynamics opportunities and challenges***

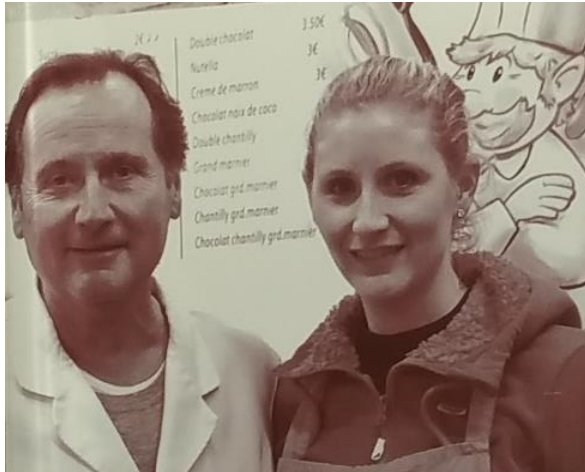
In relation to the issue of succession, it should be noted that the family business is in the 6<sup>th</sup> generation. Patrick has inherited the know-how from his parents and transferred that knowledge in turn to his children.



## ETABLISSEMENTS LAQUEMANT

The succession decision was not imposed by the 5<sup>th</sup> generation, neither will be by the 6<sup>th</sup> generation, although both generations are willing to transfer the business to the next generation.

The transition from the 5<sup>th</sup> to the 6<sup>th</sup> generation happened naturally as Norman and Priscilla are very attached to the business since a very early age and proud to be part of the family adventure and perpetuate their passion to the product.



The next generation is today represented by Priscilla and her husband in a support role as well as Norman and his wife. Their vision is to perpetuate the business with a hope that their children would take over but with no obligation. It will be up to the children to make their choice.

There are differences in perceptions though among and across generations in terms of the future vision for the business in terms of expansion opportunities. This might create tensions at times but with ongoing communication the family members seek the alignment for the good of the family and the business. The family always takes into account the risk that the business can bring to the family if it flourishes and does not only look into the financial forecasts out of an expansion decision.

In terms of opportunities for the business expansion for example, the next generation is considering growing while diversifying their activities in a complementary way. This includes a desire to create additional spaces for culinary activities and enlarged variety of services as well as creating pedagogical spaces for young students to learn about the how and why of their artisanal products. This includes teaching them about the methods of production and increasing their awareness about the importance and virtues of artisanal products and the quality of ingredients.

Another possibility would be to internationalize the brand beyond the current location although this option requires a careful examination about the risk level whether at the business side or the family side. For example, if the expansion will separate the family members geographically leading to a weakening of the relationships this might not be the right decision although the financial value of the business would increase. In addition, geographical distance might bring the family members apart from each other while a failure in culture adaptation to a different country might threaten the perpetuation of the business and the preservation of the family name and reputation beyond the 6<sup>th</sup> generation. As such, we realize the importance of both the financial and socio-emotional wealth objectives of the family business.

**Part D. The entrepreneurial dimension**

The Lacquemant family has perpetuated the business across generations while building a good reputation around the family name and products in mobile locations over a century by grasping the opportunities along the way. The family managed to adapt to changes including wars and economic crises.

With the 5<sup>th</sup> generation, the entrepreneurial family made a major shift through significant changes into its business model.

It all started by seizing the opportunity of investments in fixed and attractive locations in Lille city centre. While this changed the costs structure, it led to more stable revenues and stable family life than before with the children’s schooling and support. This allowed the family also to revise the key resources by strengthening its reputation base, through building loyal rather than short-term relationships with its stakeholders, including the suppliers, customers, partners, employees and the communities around them.

In the same time, the family proved to be entrepreneurial in terms of adaptation to the customers’ needs and type by offering a wider range of products varieties and introducing new means of payment, while maintaining its core value proposition in terms of quality products with fresh ingredients and preparation in an ongoing family atmosphere.

<b>Key Partners</b>	<b>Key Activities</b>	<b>Value Proposition</b>	<b>Customer Relationships</b>	<b>Customer Segments</b>
<ul style="list-style-type: none"> <li>*Local producers</li> <li>* Local shops and markets</li> <li>*Fairs and festivities markets</li> </ul>	<ul style="list-style-type: none"> <li>*Waffles of Liege</li> <li>*Traditional Pancakes</li> <li>*Doughnuts</li> <li>*Artisanal ice cream</li> </ul>	<ul style="list-style-type: none"> <li>* Artisanal and freshly-baked products based on a traditional family recipe with fresh, local and quality ingredients, delivered with a family atmosphere.</li> </ul>	<ul style="list-style-type: none"> <li>*Proximity</li> <li>*Adaptation</li> <li>*Advice</li> </ul>	<ul style="list-style-type: none"> <li>* Individuals ranging from children to senior with no limitation of age.</li> </ul>
	<b>Key Resources</b>		<b>Channels</b>	
<ul style="list-style-type: none"> <li>*Traditional know-how and recipe from generation to generation</li> <li>* Customer knowledge</li> <li>* Loyal employees</li> <li>* Cohesive family ties</li> <li>* Family name and reputation</li> <li>*Strong connection with the community</li> </ul>			<ul style="list-style-type: none"> <li>*Long-term connections</li> <li>*Stands in Fun Fairs and Markets</li> <li>* Local producers</li> </ul>	
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>*Workforce including significant social charges</li> <li>*Fresh and local raw materials (mainly eggs and flour)</li> <li>*External charges (rental, electricity, gas, etc.)</li> <li>*Depreciation of cooking and baking equipment</li> </ul>		<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>*Waffles and other sweet products mostly in cash</li> </ul>		

Figure 2 – Etablissements Lacquemant Business Model

### **Part E. Family entrepreneurialism: Lessons & conclusions**

To succeed in family entrepreneurship and strive over generations successfully, the Lacquemant family offers three main recommendations that artisanal family businesses can relate to:

- **Family communication:**

The family is the backbone of the business. It is very important to maintain strong family relationships and preserve them. When working in family, conflicts are inevitable. Perceptions can be different. It is important not to over-focus on them and move on instead. Whether good or bad, it is important not to be afraid of telling about things as they are perceived. In the same time, being too much enmeshed as a family is not necessarily healthy. It is important to keep distance at times and have a clear communication by saying openly and honestly what family members feel and think. Unlike other businesses, communication around business issues happens at work as well as at the dinner table and during the festive times.

- **Alignment of vision and values :**

Never forget where you come from, what are your family roots, how you built yourselves. The 6<sup>th</sup> generation agrees that their parents raised them based on values of hard-work, honesty, sincerity and love which are the foundations on which they build to work together as a family and move the business forward. As for the family members by alliance, their history is not the same neither necessarily the values. For this, it is important for the in-laws to be conscious of the investment and time it requires for them to embrace the family business activities not only as a profession but as a whole life to be shared as a family. In the end, the key element that unite the family despite the mixture of blood and marriage ties is the common goal that they seek based on the same values.

- **Social engagement (communities and employees):**

Maintaining loyal relationships with the employees is the key for a good customer relationship and thriving business. Employees are not only connected to the business through services and salaries. They feel like part of the family and stay a long time in business. The family has the same staff for years; the oldest saleswoman is fifty-seven year old and has been working for thirty-three years with the family. The Lacquemant family takes care of the employees and supports them in difficult life stages.

In addition, the family has a tradition of engagement with the communities around them. Patrick Lacquemant, 5<sup>th</sup> generation member of the family business, was awarded the city's gold medal for its involvement in philanthropic activities. His mother received the National medal of Merit from Pierre Mauroy. This again shows the importance for a family business in the artisan sector to keep in mind both the financial value creation as well as the socio-emotional value creation objectives over generations.

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