



The Merck family and successful next-generation transitions

Update 04: How a 13-Generation Business Family Prepares Its Next-Generation Leaders

BY JESSIKA MCQUEEN

CMG has been following the Merck family and its extraordinary 13-generation family business for a few years. After publishing [our original profile on the family](#), we decided to dive deeper with a series of follow-up installments. Our first follow-up piece looked more closely at the Merck [family governance structure](#). Next, we focused on the role of [non-family members](#) in Merck's sustained success. The third installment explored the [unique dual board system](#) that balances the relationship between family governance and non-family led management.

This fourth and final installment looks at Merck's future and how the family prepares for that future. Family leadership has been successfully transitioned to next-generation members 13 consecutive times. But family members do not enter this family business by default. They must first meet the family's high-calibre training and work experience criteria.

Thomas is a member of the Merck family. When he was born in 2008, he instantly became a part of a centuries-old legacy. Thomas' family owns and operates the world's oldest pharmaceutical and chemical company, founded by his ancestor Friedrich Jacob Merck in the small town of Darmstadt, Germany in 1668. In continuous operation for over 350 years and family-owned for 13 generations, the company employs over 64,000 people in 66 countries.

The Merck family has grown a lot since 1668, both in size and complexity. There are currently over 280 family members, 170 of whom are family shareholders in the business. These 170

make up the family governance board, which operates the company alongside the corporate governance board under the dual board system. [As we've explored](#), family governance at Merck is formalized, intricate and multi-layered.

So, how will Thomas fit into this remarkable business family? What does growing up in a family-owned pharmaceutical empire look like? What steps will this young Merck need to take if he plans to join the company one day?



How does a 13-generation business family prepare its next-generation leaders?

In quintessential Merck fashion, the family has developed its own innovative system for next-generation development. To illustrate, let's accompany Thomas on his journey of growing up as a next-gen Merck.

Childhood

Since he was a small child, family events have played a large role in Thomas' life. For the Mercks, consistent communication and cross-generation interactions are at the core of a strong and stable business family. They organize regular gatherings and activities that prioritize family relationships. For next-generation Mercks like Thomas, these events:

1. Integrate them into a secure family foundation. Thomas can connect and bond with fellow next-gen peers, older generation family members and even non-family industry peers.
2. Engage and include them in business discussions from an early age, generating interest in and familiarity with the company.

Activities include:

■ **FAMILY DAYS:** Held every year at a Merck facility, Family Days invite all Merck family members to spend time together, exchange ideas, express concerns, discuss business highlights and take part in organized peer-to-peer learning activities with other business families.

■ **FIRESIDE CHATS:** Organized several times a year by family council members in different cities throughout Germany, the fireside chats are informal social events.

■ **FAMILY INTRANET:** A private family intranet keeps everyone connected and up-to-speed on current events year-round. It includes an interactive family tree, featuring the latest family and business news and developments.

■ **MERCK FAMILY NEWS MAGAZINE:** Created in-house and distributed family-wide, each edition of the annual Merck'sche FamilienNachrichten (Merck Family News) reports on important family and business happenings.

Other regularly scheduled family events include an annual ski week, an annual summer party and ancillary activities such as participating in committee work and attending lectures and presentations together.



Internal Education Program

At age 15, Thomas can now begin participating in Merck's internal education program. The objective is to prepare next-generation family members to get involved in the family company and to introduce them to business ownership concepts.

- **MERCK NEXT GENERATION (MNG):** The first phase, MNG—1 (age 15-23), is conducted over a two- to three-day period each year. The syllabus focuses on (1) business topics, including strategy, innovation and building decision-making skills; and (2) family topics, including family history, governance structure and family constitution. After completing MNG—1, Thomas will be eligible to advance to the next phase, MNG—2 (age 23-35), which builds upon MNG—1 teachings.

In addition to their studies, MNG—1 and MNG—2 participants visit one Merck factory in an international market each year to get a firsthand look at the business in action.

- **MERCK FAMILY UNIVERSITY:** If Thomas demonstrates strong potential in MNG—1 and MNG—2, he may be selected for the Merck Family University.

Every five years, around 20 next-generation Mercks are chosen for the Merck Family University, designed specifically for family members interested in joining the family council or family shareholder council. Participants attend five modules, conducted by top Merck personnel as well as professors from leading business schools and universities. Each module involves 15 days of instruction and covers a range of general business and Merck-specific topics. Subjects include leadership skills, corporate governance and family dynamics.

External Programs & Resources

Merck also provides Thomas with external development opportunities to supplement internal resources:

- **ACADEMIES FOR FAMILY BUSINESSES:**
Witten/Herdecke University: Merck family members of all ages are encouraged, and given funding, to join the "business family academy" offered by Witten/Herdecke University. The academy provides training on various topics relevant to business-owning families.

INTES Akademie für Familienunternehmen (Academy for Family Business): Merck family members can receive family funding to attend the business family academy, or other programs and seminars, at INTES, a German association for business families.
- **FAMILY BONDS MEET:** Every two years, next-generation Mercks attend the Family Bonds Meet. This peer-to-peer learning event invites six prominent German business families to meet, collaborate and exchange ideas in a professional community environment.
- **INDIVIDUAL ASSESSMENTS:** If Thomas pursues a governance role at Merck, he can request an assessment organized by the family. Conducted by an external professional, the assessment recommends customized educational activities to enhance each individual's abilities and skillset.
- **INTERNSHIPS:** Thomas may choose to participate in an internship at a Merck facility in one of the 66 countries the company operates in. Young family members are encouraged to take part in these internships to gain both company experience and cultural exposure.
- **ADDITIONAL REQUIREMENTS:** Undergoing the internal education programs, participating in external development opportunities and completing a Merck internship will not automatically lead Thomas to a permanent position at the company or on the family board. He will also need a university degree and several years in a successful, independent career outside of the family business.



Is Thomas now guaranteed a position in the business?

After attaining all these prerequisites, Thomas will qualify for consideration. According to Thomas' grandfather, 11th-generation Merck family member Dr. Frank Stangenberg-Haverkamp: "Only the best and the most motivated members of the family join the Merck business and provide strategic direction and oversight."

In the Merck family, lineage does not guarantee a position in the family business. But it does guarantee education, training and mentorship opportunities. If Thomas chooses to pursue a role at Merck, he will have a clear path to follow and ample access to the two fundamentals of Merck's next-generation development:

1. Strategic and comprehensive professional development training
2. A strong and stable family foundation

The Merck family believes in long-term thinking, not just for the next decades, but for the next centuries. It is an enormous responsibility to uphold a 350-year legacy. By creating this unique and intensive development system, Thomas' predecessors have laid the groundwork for capable and determined next-generation leaders to take up the torch and lead the Merck legacy through its next 350 years and beyond.



“ We have been quite organised in our family leadership development efforts and hope that these initiatives will help transfer the Merck values and traditions to the next generation members who will take the Merck legacy forward. ”

Dr. Frank Stangenberg-Haverkamp

Chairman of the Executive Board and the Family Board of E. Merck KG, 11th-generation Merck family member & grandfather to Thomas

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