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Valuing our values: family values driving business success

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In March 2020, Michael Hoey, Managing Director of Country Crest, was in the middle of his weekly accounts review when he heard the news reporter on the radio confirming that all non-essential businesses were to close in Ireland. These measures were in response to the spiralling COVID-19 case numbers across the region. Restaurants, cafés, and all retail stores were to cease trading indefinitely, while difficulties with sourcing supplies and logistics were about to be confounded for the brothers. Consumers began panic buying, supermarket giant Tesco's orders were increasing rapidly, while on-site health and safety protocols had to be adjusted once again due to the pandemic. Michael immediately considered the far-reaching impact this could have on his family-owned firm and the 350 employees who depend upon the business in the local community. He did not know whether to take inspiration or discard the values which had carried them to this point.



Note: Michael (left) and Gabriel (right) Hoey.

Figure 9.1 Michael and Gabriel Hoey

COUNTRY CREST IN THE COVID-19 PANDEMIC

The Hoey family's roots could be traced back to 1910, where the family farmed on their 3,000-acre site in North County Dublin and continued doing so until 1993 (see Table 9.1). It was at this time when brothers Michael and Gabriel Hoey (see Figure 9.1)

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established Country Crest to diversify their business offering. Country Crest, a multi-division company, provided potato and vegetable supplies to retailers across Ireland and the United Kingdom. The brothers continued to innovate, when in 2008 they established Ballymaguire Foods, an agri-food business that prepared fresh and healthy chilled meals using sustainable and traceable farm produce. The creation of Ballymaguire Foods enabled the brothers to move toward a farm-to-fork business model, a model which promoted sustainable food practices, while reducing the number of steps between the land and the consumer's plate.

Table 9.1 Country Crest: a timeline

1910	The Hoey family purchase a farm in North County Dublin, Ireland.
1910–1993	Three generations of the Hoey family farm the 3,000-acre site.
1993	Fourth-generation sibling partnership, Michael and Gabriel Hoey, establish Country Crest. The company is set up to grow and pre-pack fresh potatoes for retail customers.
1999	Country Crest opens a new washing, grading, and packing facility for potatoes.
2001	Ireland experiences an outbreak of foot and mouth disease (FMD), affecting supply chains and the national economy.
2005	Country Crest invests €4 million in a state-of-the-art onion washing, grading, and packing facility.
2007	Michael Hoey is nominated as a finalist in the Ernst & Young “Entrepreneur of the Year” competition. Country Crest is involved with a charity promoting educational projects in Haiti, “Soul of Haiti Foundation”.
2008	The Hoey brothers expand the family business by establishing a prepared foods division, Ballymaguire Foods.
2009	An 80-metre on-site wind turbine is introduced, supplying over 60 per cent of the company's energy needs.
2011	Country Crest wins the Bord Bia Food & Drink Sustainability Award for their commitment to sustainable business practice.
2013	The horse meat scandal results in a significant decline in sales of beef and beef-related products across Ireland.
2014	Country Crest invests in an on-site cattle-feeding unit to ensure full traceability of beef.
2015	Country Crest's farm shop opens on their Dublin site, specializing in fully traceable beef, craft meats, locally grown vegetables, prepared meals, and artisan foods.
2016	Sweet potatoes are added to the Country Crest catalogue of products.
2017	Country Crest completes its five-year sustainability development project with Origin Green (with the Irish Food Board) and is the first business in Ireland to sign up for a second five-year plan.
2018	Country Crest celebrates 25 years of business with over 350 employees working across all divisions.
2019	Farmers protest and strike against current policies in the beef sector, citing new trade agreements with South America.
2020	First case of COVID-19 is confirmed in Ireland, sparking a nationwide standstill.

Source: Michael Hoey.

Investment in their businesses continued annually, developing industry-leading sustainable farming methods and earning accolades in the process. Their innovative nature was rewarded

in 2019 when sales were at a record high with a turnover of €62 million, a 10 per cent increase from the previous year. However, with the recent news of government-mandated business closures, and with restrictions becoming increasingly prevalent across Europe, Michael Hoey was worried about the future.

After hearing the news, Michael took a moment to reflect on their family values on the wall and reached out to phone his lifelong business partner and brother, Gabriel Hoey, to discuss the update. Facing a rising number of internal and external threats, he got the sense that this was incomparable to anything they'd faced in their history. Would their dedication to a values-driven business impede or empower their response to COVID-19?

Gabriel, have you heard the news? This could ruin everything we've worked for. Can you come in to talk?

GROUNDING IN FAMILY VALUES

The business operations of the Hoey family were underpinned by their family values of respect for the land, environmental reciprocity, sustainable practice, and community embeddedness. The values of Country Crest and Ballymaguire Foods were a manifestation of this, and had been formally identified as:

1. Sustainability
2. Teamwork
3. Integrity & Trust
4. Quality
5. Community
6. Innovation
7. Giving Back

These deeply held values played an integral role in fulfilling their mission of deploying a farm-to-fork business model and were instilled at all levels of the business. A long-standing non-family executive described their demeanour, commenting, "There's always been that ethos [farm-to-fork] promoted by Michael and Gabriel that they are farmers to the core, it's in their blood, it's in their DNA, and they care about the land and they care about the natural resources ... and also the 350 people that work here."

These values closely aligned with the company's vision statement of "leading the way in sustainable healthy food innovation". Their commitment to staying "true to nature for the generations to come" also demonstrated their desire to build a sustainable family business built on values. These *modi operandi* were validated throughout the day-to-day operations of the firm, with another senior member of staff noting, "We don't get everything right but every decision that we make outside the pure financial implications of the decision, we look at the environmental implications of that decision."

VALUING VALUES IN A TIME OF CRISIS

Since the formation of the sibling partnership in 1993, the Hoey brothers enjoyed the highs and at times the lows of family business ownership. Despite facing national and international crises, the brothers consistently showed a devout commitment to their family values which guided their strategic decision making throughout. During periods of great stress and difficulty, Gabriel and Michael Hoey did not stray from these core values.

Global financial crisis – 2007 onwards

At the end of the 2000s, Ireland was facing the repercussions of the global financial crisis. The state of the nation was in ruins, leaving the prosperous times of the Celtic Tiger² behind. However, this did not stop the Hoey brothers from investing in their business.

A key development from a commercial perspective followed when they established Ballymaguire Foods in 2008, the same year as the infamous Lehman Brothers collapse. In the midst of this economic uncertainty, they managed to earn a gross profit of over €1.6 million in their first year. Their model of “100% traceable ingredients from their farm and carefully selected suppliers” proved to the Hoey brothers that embedding innovation, alongside a dedication to quality and sustainability, could bring success.

Investing in their own business was not the only priority for the Hoey brothers throughout the global financial crisis. The development of a clear and actionable corporate social responsibility (CSR) strategy, led by co-founder Michael, was a passion for the Dublin natives. This was triggered when in 2007, Michael was nominated for the prestigious “Ernst and Young Entrepreneur of the Year” award. A cornerstone of Country Crest’s CSR initiatives was the Christine Valley Model Farm in Haiti as the project was set up by Michael and his fellow nominees of the award.

The project proved to be a resounding success, enabling locals in Haiti to farm sustainably, and providing alternative sources of employment. Commenting on their commitment to CSR, Michael said, “I think we’ve been fortunate and some days you question that and thank God for what we have. It has to be about giving back.”

Throughout the global financial crisis, Gabriel and Michael Hoey not only invested in new business development, but also in sustainable farm infrastructure. This investment included a €1.5 million financing of an 80-metre state-of-the-art wind turbine system.³ As a result of their efforts and sustainable business model, they accepted an invitation from Ireland’s food board on to their industry-leading food and drink sustainability programme. During this period of economic uncertainty, they were rewarded for their commitment to sustainable business

² Celtic Tiger is a term referring to the economy of the Republic of Ireland from the mid-1990s to the late 2000s, a period of rapid real economic growth fuelled by foreign direct investment. The gross domestic product (GDP) averaged 9.4 per cent annually through 2000 and about 6 per cent a year for the remainder of the period.

³ “Turbine leading the way in Lusk”. Retrieved 29 September 2021 from <https://www.independent.ie/regionals/fingal/independent/news/turbine-leading-the-way-in-lusk-27796137.html>

practices as they were named as the winner of the “Bord Bia Food & Drink Sustainability Award” in 2011.

Horse meat scandal 2013

As the impact of the global financial crisis was still lingering for many Irish businesses, a crisis of a different kind swept through the nation and neighbouring European countries. Supermarket giants Lidl, Aldi, and Tesco were found to have sold beef products while claiming “full traceability”, with horse and pig meat used in parts of their offering.

Although they were not culpable in the use of non-beef products, the Hoeys’ portfolio would not escape unscathed. Particularly affected was Ballymaguire Foods as its prepared meals relied on products from external meat suppliers. Sales of their meat-based products dropped by 60 per cent overnight, as consumer confidence plummeted in the industry.

Eager to reassure the Irish consumer of their dedication to sustainable, ethical farming and to reiterate their quality standards, the company undertook a series of self-declared audits, spending large amounts per month on animal DNA testing. Refusing to succumb to the errors of others, the Hoey brothers doubled down on their farm-to-fork model through backward integration. They invested significant capital in an on-site cattle-feeding unit to ensure full traceability of their beef products.⁴ Gabriel commented after the project was completed, “Rather than being totally reliant on somebody else’s heap of paperwork, we decided to take control of the situation by putting up our own beef unit.”

In the wake of the horse meat scandal, albeit after absorbing a significant initial shock, the firm witnessed significant monetary growth as the popularity of their brands soared. Gross profit for Ballymaguire Foods jumped from €0.7 million in 2013 to €1.9 million in 2014, and they added a further 100 employees to their operations in 2015.

Brexit – 2016 onwards

Shortly after the horse meat scandal developments, the country they traded with the most outside of their own, the United Kingdom, voted to leave the European Union (EU) in 2016. This coincided with a significant milestone for the brothers, 25 years since the establishment of Country Crest. Approximately 15 per cent of their business was undertaken with the United Kingdom, along with key supply chains operating through the island. Fears of increased tariffs, duties, and political tensions were understandably high in the agriculture sector. For Gabriel and Michael, reservations over Brexit did not permeate the brothers’ psyche; rather, they saw this as an opportunity, with Michael remarking: “We feel more comfortable with it and the feeling is that it may even enhance our business in Ireland ...”

Although facing Brexit and further challenges in the form of severe weather conditions, a factor which can make or break an agri-food business, the Hoeys’ positive outlook was

⁴ “New state-of-the-art beef unit has Country Crest back on track”. Retrieved 29 September 2021 from <https://www.independent.ie/business/farming/new-state-of-the-art-beef-unit-has-country-crest-back-on-track-30588451.html>

rewarded. In a short period in 2017, they were the first company in Ireland permitted to sign up for a second five-year sustainability programme with Ireland's food board. Ballymaguire secured five accolades at the "Great Taste Awards", the leading food and drink awards in the United Kingdom and Ireland. They also secured a multi-million euro contract extension with supermarket giant Tesco, to the value of €60 million.⁵ This marked a near 20-year relationship with the retailer. At the time, Sheila Gallagher of Tesco commended the Hoeyes on their ability to instil confidence in growers to invest in the future: "We're very proud to continue our relationship with the Hoey family into the future."

Drawing parallels to the global financial crisis, their non-commercial initiatives advanced during Brexit on a local and national level. Locally, they partnered with schools and charities to develop a 10-acre field that was maintained by the school and its pupils to grow potatoes. On an informal basis, the Hoey brothers organized community events for families living near their family farm, further cementing their place in the locality. Nationally, they identified a key role for education in the agri-food industry and forged a strategic partnership with a Dublin university in 2019.⁶ The aim of this venture was to foster a culture of culinary innovation for students in the food and drink industry.

ANOTHER HURDLE TO OVERCOME: HOEY BROTHERS LOOK TO THE FUTURE

From its inception in the mid-1990s, the Hoey brothers endured despite a litany of hurdles facing them, from disease to geopolitical tensions and economic crashes. Michael recently remarked on their approach to crisis management: "In business, you will have crises. You must face your crisis. Address it. Then, drive through it to fix it."

Facing a global pandemic provided a new and entirely unique crisis for the Hoey brothers to navigate. By March 2020, many neighbouring countries were already in lockdown, with businesses from various sectors succumbing due to the pressures of COVID-19. Consumer behaviour patterns in Ireland evolved as a result, causing huge shifts in demands in supermarkets, with an extreme effect on the food and beverage industry.

However, the Hoey brothers had a history of intertwining tradition and innovation for over 25 years. In striving to cultivate their agri-food businesses, they embodied their values of staying true to the land, developing environmentally friendly practices, and providing a sustainable business for society to reap the rewards from. The brothers took solace from their past actions and experiences as they prepared to tackle the COVID-19 pandemic.

While uncertainty around COVID-19 remained for the Hoeyes, their sense of clarity around the purpose and vision of the family farm was not clouded. Acting as stewards and guardians

⁵ "Country Crest extends contract with Tesco Ireland in €60m deal". Retrieved 29 September 2021 from <https://www.irishtimes.com/business/agribusiness-and-food/country-crest-extends-contract-with-tesco-ireland-in-60m-deal-1.3371345>

⁶ "Country Crest and Ballymaguire Foods driving innovation in TU Dublin". Retrieved 29 September 2021 from <https://ballymaguirefoods.ie/country-crest-ballymaguire-foods-driving-innovation-tu-dublin/>

of the land was a legacy they hoped to pass on to the next generation and future leaders of Country Crest.

However, worryingly for Gabriel and Michael, the onset of an uncertain, unprecedented, and unpredictable virus provided a sense of jeopardy for their legacy like they had never felt before.

With their on-site turbine providing the soundtrack for their conversation, the Hoey brothers knew that this was a challenge unlike anything seen before, “Okay Michael, you’re right. This really is different. Let’s get on with it.”

LEARNING NOTES

Case synopsis

Agri-food business, Country Crest, was founded by brothers Michael and Gabriel Hoey in 1993. The Hoey business had evolved significantly since its inception, elevating themselves from humble farmers to owners of several multi-million euro agricultural businesses, including Ballymaguire Foods, the largest chilled meals producer in Ireland. With a farm-to-fork model for their businesses, living their core values was a key reason for their overwhelming success. In tandem with their growth was their significant CSR work, led by Michael Hoey. This ranged from initiatives in local Dublin schools to projects spanning several years in Haiti. In Country Crest, their respect for the land and their foresight for the future of agriculture and business distinguished them from many competitors. However, the onset of a global pandemic caused the Hoey family to review their history in light of the numerous business challenges and crises they had faced and to look within to find a way forward.

Learning objectives

This case looks at their history and the role values have played in the success of the Hoey brothers. It provokes learners to consider how the Hoey brothers might face another crisis; a crisis on an entirely different scale, the COVID-19 pandemic.

The case discussants should be able to establish:

- The qualities that may assist a family business during a period of crisis.
- The role values play in an organization and how they can be implemented.
- Understanding of the long-term outlook pursued by a family business.
- The business model of a family business, and the idiosyncratic influence of the family on the model.
- The business case for corporate social responsibility.

Learners can view the following videos about the Hoey family business, which would supplement their understanding:

- Video 1: Entrepreneur of the Year Nominee Video, Michael Hoey (<https://www.youtube.com/watch?v=EM0KRKaAcrg>) – nominated in the 2007 Ernst and Young “Entrepreneur of the Year” award, this clip profiles Country Crest and how they operate. It gives students a snapshot of the business in the mid-2000s.
- Video 2: Origin Green & Country Crest (<https://www.youtube.com/watch?v=-znRp78OINc>) – an initiative with Bord Bia, Ireland’s food board, which unites the government, private sector, and full supply chain in order to set and achieve measurable sustainability targets. This clip highlights the company’s dedication to sustainability in the mid-2010s.

Discussion questions

1. What role did Michael and Gabriel's family values have on their business?
2. Describe Country Crest's business model of farm-to-fork. How did they implement this?
3. How have the Hoey brothers displayed resilience to this point?
4. In your view, what is their most important metric for success? Consider their decisions through the lens of finance, community, CSR, and the environment.
5. Do you believe their sustainably focused mindset will prove to be a roadblock with COVID-19, and why?
6. How do you think the Hoey Brothers should handle the COVID-19 pandemic? Do they require a change of approach from that taken in previous periods of crisis?

Epilogue

COVID-19 proved to be merely another obstacle for Country Crest to overcome, as they stepped up to fight against it. Keen pragmatists, their consistent communication and adaptability with supermarkets in preparation for Brexit had stood them in good stead for this pandemic. Protocols meant supermarkets were rarely ever out of supply, with Country Crest dealing with an *increase* in demand of up to 30 per cent. Their resilience and dedication to excellence ensured they were rewarded *another* contract extension with Tesco, to the value of €60 million. They continued moving forward with a back-to-basics approach, often amending Ballymaguire food recipes to provide adequate supplies to supermarkets. These were learnings Country Crest would no doubt be thankful for in the future. They continued to employ hundreds of workers, safely and fairly, with Michael remarking: "I was looking at our people coming in to work this morning and I would hate to ever find myself in a position where you are telling them their jobs are gone."

Suggested readings

- Aronoff, C.E., and Ward, J.L. (2011). *Family business values: How to assure a legacy of continuity and success*. New York: Palgrave Macmillan.
- Chrisman, J.J., Chua, J.H., and Steier, L.P. (2011). Resilience of family firms: An introduction. *Entrepreneurship Theory and Practice*, 35(6), 1107–19. <https://doi.org/10.1111/j.1540-6520.2011.00493.x>
- Sharma, P., and Sharma, S. (2011). Drivers of proactive environmental strategy in family firms. *Business Ethics Quarterly*, 21(2), 309–34. doi:10.5840/beq201121218