Between *long-term DNA* and *short-term shock-*waves

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Axel has spent 25 years transforming industrial companies – from consulting turnarounds to leading family-owned champions. While others debate the future of industry, Axel Wachholz shapes it.

German Family-Owned Technology Champions in a Fragmenting World

Monday. Board Meeting with open end. Times are tough, so is competition. We are a German multi-billion tech company, 80% of our revenue is non-German, we are family-owned since 1923 with a strong culture and entrepreneurial mindset. Our board meetings should be about global markets, customer requirements, product innovations, strategic capital allocation, organizational efficiency, and digitalization. But they are not.

To a (too) large extent they are driven by geopolitical risk & situation, nerve centre insights, legal compliance, regulatory requirements and building financial resilience in the light of uncertainty. This is neither new, nor surprising, but it changes everything:

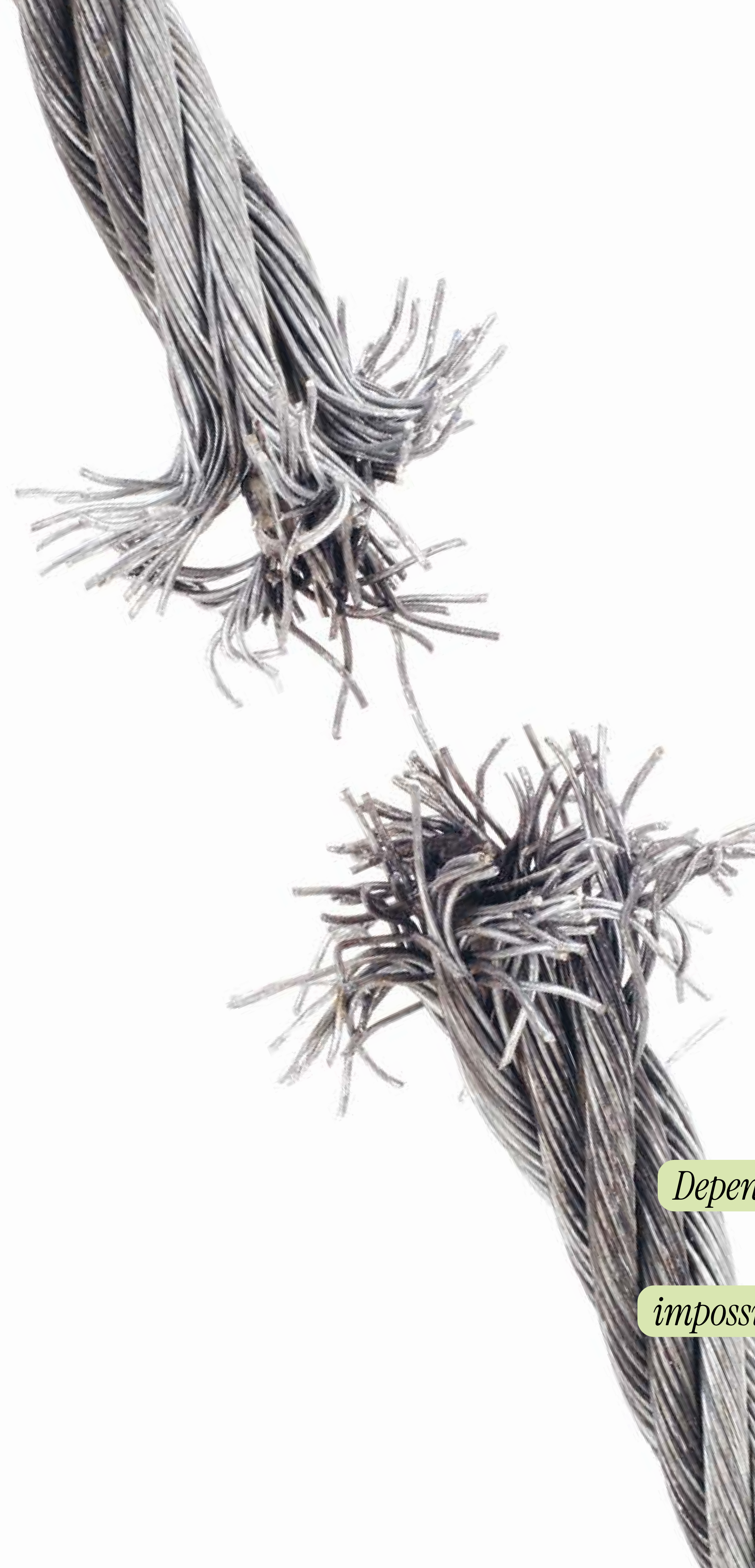
By any traditional definition, Germany's technology-driven family enterprises are built for endurance. Yet the world they face today is anything but stable.

The current geopolitical landscape is not merely volatile; it is structurally unstable.

Reality bites

Germany's globally renowned *Mittelstand* and large family-owned technology groups have long been admired for a distinctive combination: deep engineering expertise, strong regional roots, global market leadership in niches, and an ownership structure designed for decades rather than quarters. Companies like ours exemplify this model: Firmly embedded in Germany, closely connected to the region, employees and communities, and guided by family values that privilege continuity, responsibility, and resilience over rapid financial optimization.

But the industrial and geopolitical environment in which these companies operate has changed with unprecedented speed and intensity. While their headquarters, talent base, and cultural identity remain anchored in Germany and Europe, a significant share of their revenues is generated in Asia and in the Americas, most notably the United States. This global footprint, once a source of diversification and growth, has turned into a strategic tension field.



The geopolitical stress test

The current geopolitical landscape is not merely volatile; it is structurally unstable. Trade barriers are rising, sanctions are becoming a normalized policy instrument, and technology has moved to the centre of geopolitical power struggles. Export controls, local content requirements, data sovereignty laws, and regulatory fragmentation increasingly dictate strategic options.

For German family-owned technology groups, this creates a uniquely complex dilemma. They are global players, but not "footloose" multinationals. Relocating headquarters, hollowing out domestic value creation, or radically restructuring footprints to satisfy one geopolitical bloc at the expense of another would directly contradict their identity and responsibility towards their home region.

At the same time, dependency risks have become impossible to ignore. Exposure to China as a market and manufacturing base collides with escalating Sino-American tensions and diverging regulatory regimes. The U.S. market, often the second strategic anchor, comes with its own uncertainty: shifting trade policies, sanctions, and industrial policy activism that can reverse strategic assumptions within a single election cycle.

What emerges is a permanent state of strategic ambiguity, in which decisions must be made under conditions that resemble steering in heavy fog, without reliable visibility beyond the next few months.

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Long-term orientation meets short-term reality

Family-owned enterprises often differ from listed corporations in their orientation. They are not primarily driven by shareholder value, but by stakeholder value: employees, customers, suppliers, regions, and future generations of owners. Equity is treated as a scarce and valuable resource, not as an instrument for financial engineering. Personnel decisions follow a logic of loyalty and long-term capability preservation rather than rapid workforce adjustment.

This philosophy has been a strength for decades. In today's environment, however, it is also a source of profound tension.

The frequency of external shocks has reached a level that makes traditional planning cycles almost obsolete. The COVID-19 pandemic, semiconductor shortages, global logistics breakdowns, Russia's war against Ukraine and the resulting sanctions regime, escalating conflicts in the Middle East, rising tensions involving Iran, and the growing unpredictability of U.S. trade and industrial policy have created an environment in which multi-year forecasts quickly lose validity.

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At the same time, new "hype cycles" with real economic impact are triggering massive, short-term shifts in demand, capital allocation, and political attention: data centres, shifting energy ecosystems, electrification, automation, and defence technologies. For family enterprises, the dilemma is acute: reacting too slowly risks strategic irrelevance; reacting too fast risks undermining the very principles that define their identity.

A real-world case

Seen through our lens, this tension becomes tangible. We recognized the emerging realities early and understood their systemic implications: geopolitical fragmentation, technology-driven productivity leaps, and a reordering of global value chains. Yet recognition alone does not automatically translate into action.

The challenge lay in the gap between what is necessary and what is feasible. Decisions that are clearly correct from a strategic rationale often require time-consuming internal alignment within family-governed structures: portfolio adjustments, footprint diversification, acceleration of technology investment, or organizational transformation. Unlike publicly listed companies, where capital market pressure can force rapid moves, family enterprises must reconcile urgency with responsibility.

This has led to moments of perceived sluggishness. Not due to lack of insight, but due to the complexity of translating insight into actionable change without breaking the social and cultural fabric of the organization.

Cultural transformation under external pressure

One of the most striking consequences is that transformation is no longer being driven primarily by long-term family strategy, generational succession planning, or organic growth ambitions. Instead, externally induced shocks are forcing deep changes in culture, governance, and operating models, particularly at headquarters and parent-company level.

The result is a shift in the Target Operating Model that is reactive rather than visionary in origin. Decision-making fundamentally shifts, planning horizons shorten, and traditional consensus-oriented processes come under strain. Employees who joined the company expecting stability and gradual evolution now face a reality of continuous change, reprioritization, and “management by sight.”

This marks a profound cultural turning point. The implicit social contract of the family enterprise – stability in exchange for loyalty and performance – is being renegotiated under pressure from markets and geopolitics rather than internal choice.

A new industrial revolution

It is tempting to frame the current situation as yet another industrial revolution driven by technology and productivity. In truth, it is something broader and more unsettling: a reorganization of global markets and power structures in which technology is both the driver and the battlefield.

Unlike previous industrial revolutions, this one is not primarily about expanding global integration. It is about fragmentation, system rivalry, and strategic autonomy. Supply chains are being regionalized, technological standards are diverging, and corporations are increasingly expected to act as extensions of national or bloc-level interests.

For German family-owned technology companies, this raises existential questions. How to remain globally competitive while maintaining regional identity? How to reconcile stakeholder responsibility with the need for rapid, sometimes painful decisions? How to invest boldly under conditions of geopolitical uncertainty and regulatory unpredictability?

An uncertain path forward

There are no simple answers. What is clear is that the traditional playbook no longer applies. Family-owned technology champions must develop new forms of strategic ambidexterity: preserving long-term values while mastering short-term agility; protecting core capabilities while selectively decoupling from geopolitical risk hotspots; and fostering a culture that can absorb continuous change without losing its moral compass.

The outcome remains uncertain. Some will succeed in redefining their role in a fragmented world. Others may struggle under the weight of contradictions they did not create.

What is certain is that the current transformation is not a temporary crisis to be managed away. It is a structural shift of historic magnitude. For companies like ours and its peers, the challenge is not just to survive it, but to find a new, credible position within a reordered global industrial landscape.

The destination is unclear. The journey, however, has already begun.