

# ROGGENDORF: THE CHALLENGE OF INTERNATIONALIZATION OF A FAMILY ENTERPRISE

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## ABSTRACT

*The case seeks to offer a tool to help students to integrate knowledge and develop analytical capabilities in the area of strategic management and internationalization of a family company. The case is developed for senior business students or MBA students, who should analyse if this family company should reconsider its strategy for entering the Chinese market. For that they can consult several articles that we recommend. Starting from the articles of Kuo, Kao, Chang and Chiu (2012) or Hollender, Zapkau and Schwens (2017), the students can argue for the Fariña-Roggendorf family the pros and cons of increasing family involvement and assigning responsibility to their son (or other family member) for developing their business in China vs insisting on strategic partners to support them in this enterprise. In the case that they decide develop their project themselves, the article by Li, He and Sousa (2017) sheds light for students to propose possible routes. In the case of suggesting the route of insisting with Chinese strategic partners, the article by De Massis, Frattini, Majocchi and Piscitello (2018) offers support for deciding between the option suggested by Isu Tsing vs the strategy implemented by the family up to now. This case study is designed for students to work in teams. The case is to be handed out a week before its reading. The teams should be made up beforehand and each team should bring a poster with the answers to the case questions.*

**Keywords:** Family Firms, Internationalization Firms, Case Study.

## INTRODUCTION

The case seeks to present a tool to help students to integrate knowledge and develop the capacity for analysis in the area of strategic management and internationalization of enterprises. The case has been developed based on primary information obtained from interviews with different members of the family. Additionally, secondary information obtained from the Passport Euromonitor database has been utilized. The processing and analysis of the information made it possible to provide the necessary support to give answers to the learning outcomes defined in the teachers' notes. The breadth of the case allows flexibility in its application in the strategic analysis of the internationalization of enterprises, which allows the students to observe the convergence between theoretical knowledge and practice. The case is of great value to encourage learning in students in MBAs and in strategy courses at an undergraduate level. This is an original case that allows students to know the experience of the company in its strategic development and the process of internationalization through exports of chocolates to China.

Fariña (2017) leader of Roggendorf, a second-generation family enterprise with more than 60 years of trajectory, born in the city of Concepción, talked with his son, Javier, about the details of the first shipment of chocolates that the company had just exported to China. After more than a year of hard work, this milestone represented the first step in the implementation of what had, at some point, seemed a far-off idea. The conversation between father and son centred around different bureaucratic barriers they had found during the process of exporting and they debated possible routes to follow now that the first step had been accomplished.

In parallel, a teaching team from UCSC, found out about the project and made contact with Fariña (2017) in order to know and learn from the experience the family enterprise had acquired in the process. The academic curiosity of the team led it to suggest a meeting between Claudio, owner of the company, and Isu Tsing, a Chile-China expert with experience in the areas of logistics and commercialization in this market. The latter believed that Roggendorf had an opportunity to introduce itself into the Chinese market and proposed diverse channels of distribution that could be considered in order for Roggendorf to grow and consolidate its participation in this country. On the other hand, Claudio had contacted a Chinese operator who distributes Chilean products in the free-trade zone.

In Roggendorf, important investments in technology and infrastructure had been made. This investment allowed them to guarantee high quality standards in their products and, finally, to face the great opportunity of entering the Chinese market and respond to a potentially unknown demand. With the first shipment done, the experience, information and knowledge acquired can be key for the future of Roggendorf. Therefore, the challenge now for Claudio and his son, is to define which road to take to exploit the different opportunities and successfully introduce their chocolates into the Chinese market.

## **Roggendorf History**

The Roggendorf pastry shop has its beginnings in the year 1940 in the German city of Mönchengladbach where, encouraged by his parents, a young man of 13 years old named Hugo Roggendorf studied pastry making in the prestigious institute of the city. Hugo also participated in the family business; a small café named “*Oberstadt*”. In just a few years his passion for pastry led him to obtain the rank of master pastry chef. However, the circumstances of the war in Europe meant that at age 17 he entered the German army, experiencing the Second World War on the front lines. With Europe destroyed, Hugo turned to new horizons, setting his sights on Latin America.

At the suggestion of a friend who talked to him of Chile, Hugo placed an advertisement in the Chilean-German newspaper 'Condor', offering his services as a pastry chef. In this way he arrived in 1953 to the city of Concepción to work for two years as factory manager in a prestigious pastry shop in this city. The work in this factory allowed him to save the initial capital to, in 1955, start his own business in Chile. The strategy was to develop a similar value proposal to that of his family in Germany.

As happens in many family enterprises, the Roggendorf Pastry shop began in the family home. While Hugo worked in the making of the products, his wife Ruth was in charge of sales and financial management. Hugo's knowledge and experience were immediately reflected in the high quality of his products, which were highly valued by their clients. This facilitated the opening of their first shop in a short time. From this moment, Roggendorf's reputation in the city of Concepción began to grow and this small family business began to establish itself soon in the opening of a second shop.