

## **Former BI Director bets on Family Office network**

**Together with his son and son-in-law, Peter Lorange has built up a fortune of 500 million kroner.**

By STINE GRIHAMAR  
IVÁN KVERME (Photo)  
(Translation from Norwegian)

"What we do not talk so much about is that we are running a family business. I've had two jobs," says Peter Lorange (74).

He is sitting in a deep chair at BI Norwegian Business School in Nydalen, together with his son, Per Lorange (42), and son-in-law Frode Lervik (49).

The former BI Director and Economics professor, has no less than seven PhD degrees, and was appointed by the HM King Harald in 2010 as Commander of the Royal Norwegian Order of Merit.

In the 15 years he was president of IMD Business School in Lausanne, Switzerland, the school attained higher and higher rankings, and is now considered one of the world's most prestigious business schools.

In parallel, his family company, which he runs with his son and son-in-law, has created values for about half a billion.

It all started with Lorange inheriting the Ugelstad shipping company together with a group of employees from a childless, distant relative in the 80's.

Lorange bought out the employees and took over the business, which then consisted of a ship and a lot of debt.

The family succeeded in restructuring the shipping company, and just before the market collapsed - in 2006 - the company was sold for NOK 730 million.

This left Lorange with a net gain of more than 300 million kroner.

*- You timed the sale well?*

"We bought 10 percent of a shipping company in Boston. This helped me very much to understand the market. When I sold, all the guys told me that I was not just stupid but a complete idiot," said Peter Lorange, pointing at his own head.

"Now they're all struggling or bankrupt."

His son, Per Lorange, entered the family company as a working Board Member in the early 2000s.

His son-in-law, Frode Lervik, with a background with companies such as Orkla and McKinsey, became part of the family company when he married Peter Lorange's daughter in 2003.

"Today we are very committed in all possible ways to the family business. You can say we have become a tightly knit team. We have no other employees in the investment company," said Per Lorange.

The family's investments today are spread over five "legs": stocks and bonds, real estate, private equity, shipping and education.

Per Lorange estimates that the group has values of around NOK 100 million in each area.

Within the property sector, the limited company Christiania Eiendomsselskap is the most important investment. The company owns 300 acres in Slemmestad in the municipality of Royken. To date, 70 acres have been re-regulated for housing, and the company has now brought the privately owned giant Ferd, into the project.

"We had never built houses before and had to ally ourselves with someone. Ferd is a long-term owner like us and is Norway's leading family-owned company, so cooperating with them is a great privilege. Both Ingvar, my father, Frode and I are glad that we have started this cooperation," says Per Lorange.

Ingvar is none other than Ingvar Kamprad - the Ikea entrepreneur. He shares the ownership of the real estate company with the Lorange family plus a few minority shareholders.

Lorange has owned shares in Christiania since the 50s, while Kamprad became a shareholder on the advice of a close colleague in the 80s.

When the board wanted to sell all the assets about ten years ago, Lorange and Kamprad decided to take over the business together. Both Peter Lorange and Ingvar Kamprad have known each other for a long time from Switzerland, and they have met regularly.

"The site in Slemmestad is close to the city center, but the area has been held back due to the defunct cement plant. But Slemmestad is receiving a lot of investment, and we believe we have a large plot that will prove to be attractive. However, we aren't allowed to pick our spades before certain municipal criteria are taken into account. We are now in close dialogue with the municipality and politicians," said Per Lorange.

On the shipping side, Lorange has invested in the Sole Shipping fund and is also a shareholder in a number of long-term projects. In the private equity segment, the family office holds investments ranging from a German Omega-3 company, to the IT company deltagger.no. The latter company is one of the leading providers of digital tools for sports teams, associations and organizers in Norway and the UK. The company has created a digital platform with functionality within registrations and payments. Lervik is CEO and the family holds a 25 percent stake.

The part of the family business that is closest to the family is, however, education.

When Peter Lorange had to resign in 2008 as President of IMD because of the statutory age limit, he felt that it was still far too early to retire.

"IMD's statutes said that you are finished when you are 65 years old. There was nothing more to do about that," said Peter Lorange.

After some searching, he found the Graduate School of Business (GSBA) outside Zürich. Lorange saw the potential, bought the school for 30 million, and changed the name to the Lorange Institute of Business Zurich.

Peter Lorange wanted to introduce all the pedagogical principles and philosophies that he had not been possible to execute at IMD or BI.

"I had a great interest in building what I call the business school of the future," he says.

The school distinguished itself from other business schools in several ways: the modest campus, almost no permanent staff, only part-time students and as little bureaucracy as possible. Professors were flown in from all over the world to hold talks. The teaching was debate and case-oriented.

After a few years, the school became a serious competitor to IMD and St. Gallen.

"Heading an international school was a big task for a small family. When my father received inquiries from China's leading MBA school CEIBS in 2013, we sold the Institute. They wanted a school in Europe where Chinese leaders could get training in European management philosophy - and vice versa. The school is today a place that promotes contact between Europe and China, and it is important," says Per Lorange.

*- Did the investment end in a gain?*

"Yes, we exited with a gain, but we wish to keep the details of the transaction internal," he answers.

The principles of the Lorange Institute is also reflected in the family's new entrepreneurial project: the Lorange Network, a digital learning network.

The membership base consists of larger private investors and owners of family businesses.

Several times a week, the network's platform, which consists of a website and an app, updates articles, book reviews, podcasts, and videos on topics related to the operation of family-owned enterprises.

Professors from all over the world are handpicked to write articles. The main themes are Best Practice in Management, Generational Change, Private Capital Management and Social Entrepreneurship.

"The academic environment resembles at times a closed ecosystem, and research is mainly published on rather closed forums. Thanks to my father's long life in academia, it is possible to get hold of professors who want to share their knowledge. Without that background, it would be very difficult," Per Lorange believes.

As professors do not always write well enough, there are three requirements for the content in order to get the article published: it must be unique, relevant and useful. Articles that do not meet these criteria are rejected, according to Per Lorange.

"Professors will be forced to write in a way that can be used by a family business manager or investor," he says, continuing.

"Another thing is that the articles must be concise. We know that people live under many time constraints. These articles can be read on the way to work or football practice or while waiting for the plane."

The hope is to have discussions on the website.

"The goal is to learn from one another and to help each other to improve. Over time, we believe this learning process will lead to better results and decisions," he says.

Since its launch in October, the network has already signed 110 members.

According to Peter Lorange, the goal is to get to 350 in a relatively short time. During the trial period membership is free, but as more functionality comes into effect, the price will be USD100 per month.

1,000 members are needed to break-even.

"We have started in Germany and Switzerland. Now we are rolling out in Norway and the Nordic region. In the long run, we will launch in the Far East and the United States," he says.

Lervik emphasizes that they are strict on membership.

"We are very careful not to bring in people who have a sales agenda. This is not a network of advisors and consultants, but rather of business owners, investors and their families. If we were to let go of this, it would damage our quality," he says.

Volumes of advice from counselors and banks was just the reason why the family business network was born.

"Banks and various actors send out thick booklets. I felt the more I read, the more confused I became. I only had seven PhD degrees, and still I didn't understand anything. It was really all mostly marketing," says Peter Lorange and continues:

"So I got some professor colleagues to explain to me what these thick reports could mean for my own business. Eventually, I found out that the concept worked so well that it could open it up, and then Lorange Network was born.

The principles of the Lorange Institute, regarding the use of new technology and not to have any permanent professors, is also central to the network.

"What is this saying called", says Peter Lorange and thinks outloud:

"Many small streams may become a big river".

By the way, did you know, that it was Venice that was the inspiration behind how the new BI building in Nydalen was built?

Peter Lorange speaks with animation from the deep chair of BI.

He wants to show us the portrait that photographer Morten Krogvold took of him when he was the President of the school.

"It hangs on the top floor," he says, pointing upwards on the floors.

We take the elevator up seven floors and go into the canteen that is reserved for the school employees with views of Oslo. But the walls are empty.

"Maybe they're hanging it in the boardroom," he says, starting the trip down three floors. Nothing there either.

He gets a hold of a staff member. She thinks and disappears for a moment before coming back.

"It's downstairs on the ground floor so everyone can see you," she says.

We go down, and on the wall by the entrance to the campus bookstore we find him hanging out with the other Presidents.

"I do not think it is very good to put this thing in front of the pictures," he says, moving an empty newspaper stand aside.

"But Krogvold, he is good," he says, standing up next to the portraits.

Peter Lorange moved away from Norway in 1993. Now he lives right outside Zürich, in the valley where Wilhelm Tell lived.

He has no plans to move from there.

"When I built the Lorange Institute in Zürich, I benefited from already having been in Switzerland for many years. Now that we are building this network, it is important to have been successful in Switzerland and Germany.

He adds that he enjoys a good quality of life in Switzerland, and that there is a little more going on there than in Norway.

“You understand what I mean, but do not write it. It's not nice for a Norwegian mindset,” he says and smiles.

#### **PETER LORANGE**

- Economics degree from NHH, Master's Degree from Yale and Doctorate from Harvard Business School
- Has been a professor at Wharton School at the University of Pennsylvania
- President of BI Norwegian Business School from 1989, but was head hunted for the IMD in Lausanne in Switzerland in 1993. He was President there until 2008
- Owner and Chairman of the Lorange Institute of Business Zurich from 2009 to 2015
- Entrepreneur of the Lorange Network since 2017

#### **LORANGE NETWORK**

- Interactive platform for family offices and family business owners who want to learn how business can be further developed
- Digital learning arenas, networking conferences and seminars are central to the company
- 80 reputable experts from all over the world write short articles about topics the expert has unique competence on. In addition, book reviews, podcasts and videos are published
- Platform is updated 2-3 times a week
- The network shall be 100 percent independent

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