

Foundation Ownership at Rambøll^{1 2 3}

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Overview

The Rambøll Group is the largest Danish engineering consultancy with more than 15.000 employees and annual revenue at approximately 1.9 billion €. The Group has exhibited impressive growth and good financial performance. It is owned (98%) by the Rambøll Foundation. In this case study, we discuss to what extent foundation ownership and governance has contributed to its success.

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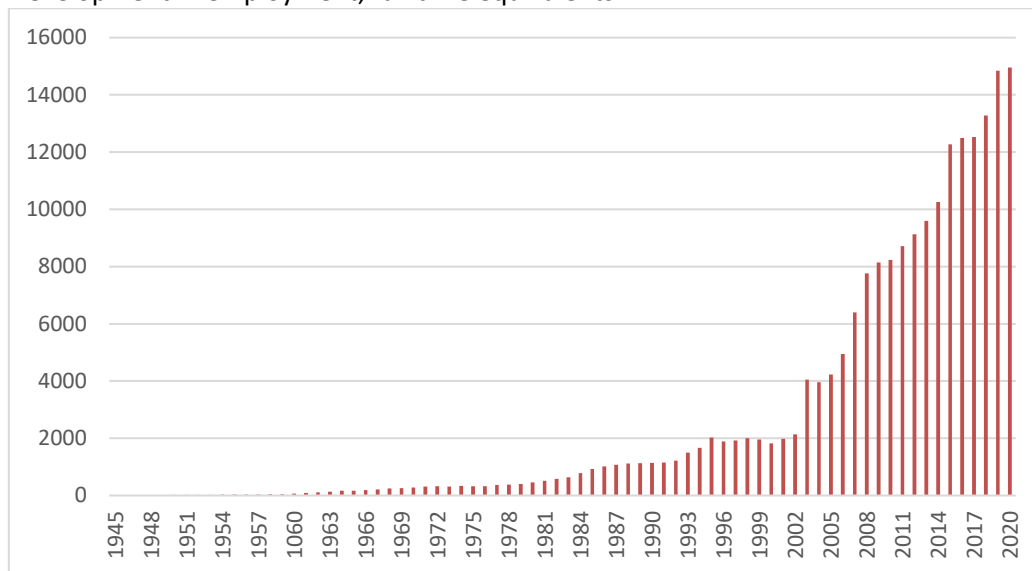
Introduction

The Rambøll Group is the largest Danish engineering consultancy with more than 15.000 employees and annual revenue at approximately 1.9 billion euros. The company is majority-owned by the Rambøll Foundation. It is active in architecture, buildings, transportation, environment, energy, water, telecommunications and management consulting.

The company (originally Rambøll & Hannemann) was founded in 1945 by two professors at the Danish Technical University, Børge Johannes Rambøll and Johan Georg Hannemann. While the company was originally a partnership, a foundation was founded in 1971, which acquired the founders' stock. By then the company had grown to 310 employees almost exclusively working on buildings and infrastructure projects for the Danish government. Over time, the company has grown by diversification and internationalization as well as increasing sales to private customers.

With the energy crisis of 1973, the construction business was challenged but the company entered into new business areas like environmental engineering, energy and in 1980 management consultancy. At the same time, the company began to internationalize its client and employment base. Developments after 1990 have to a large extent been defined by a series of large acquisitions. A snapshot of the company's evolution is shown below in terms of employment (full time equivalents).

Figure 1: Development in employment, full time equivalents



Source: Annual report 2020 and previous years.

As may be seen, Rambøll's employment growth has been impressive. Several jumps are also noteworthy. They reflect mergers and acquisitions, which have been an important part of the Group's recent development. Some of the most important events are outlined in the text box below.

Rambøll: Major Events Calendar

1945 Founded by structural engineering professors Børge Johannes Rambøll and Johan Georg Hannemann

1960s Waste treatment and district heating emerge as new business areas

1971 The Rambøll Foundation is established and takes ownership of Rambøll

1970s New business areas in oil and gas and environment

1974 First international office in Tunisia

1980 Gert Hansen (PLS Consult) is acquired to become Rambøll's consulting branch

1985 Informatics (Rambøll Informatik) emerges as a new business unit

1991 Merger with B. Højlund Rasmussen, another foundation-owned consulting engineering firm

1996 Subsidiaries in Germany, UK, Slovakia, Poland and Tunisia are closed

2000 Staff reduction by lay offs

2003 Scandiaconsult, a Swedish engineering consultancy, is acquired

2007 Whitbybird, a UK engineering consultancy, is acquired

2011 Gifford, a UK engineering consultancy, is acquired

2011 Rambøll Informatics is divested to KMD

2014 Acquisition of building and construction management parts of Finnish Engineering Consultancy Pöyry

2015 Environ, a US engineering consultancy, is acquired

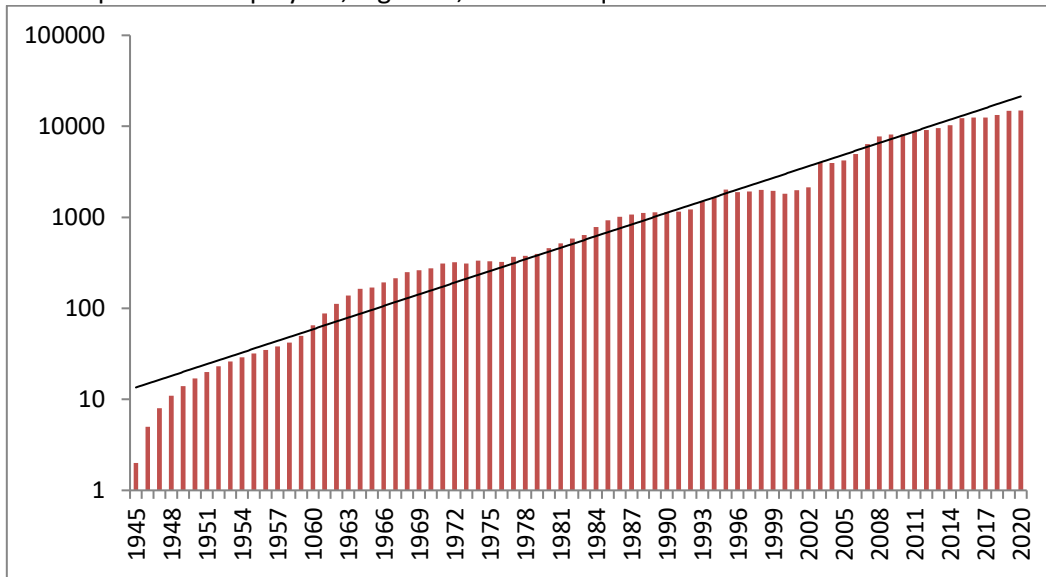
2019 O'Brien & Gere, US engineering and design consultancy, is acquired

2019 Henning Larsen, Danish architectural firm, is acquired

2020 Web Structures, a Singapore-based architectural firm and leader in tall buildings, is acquired

To some extent, these events can be seen as continuation of an underlying average annualized growth of 12,45% which becomes clearer in a logarithmic diagram (see figure 2). A linear trend in logarithms indicates constant annual growth.

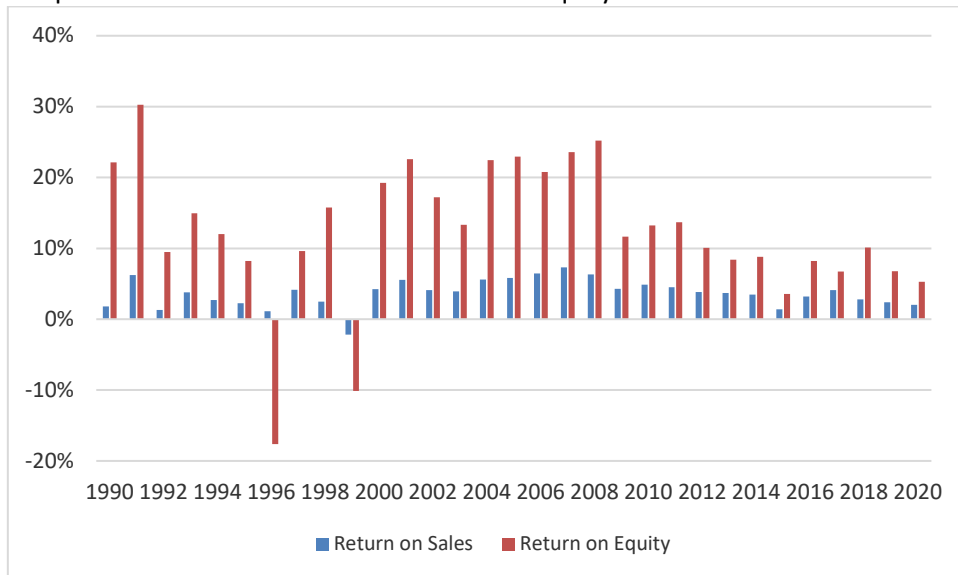
Figure 2: Development in employees, log scale, full time equivalents



Source: Annual report 2020 and previous years.

At the same time, Rambøll's financial results have been excellent for a consultancy business. Below we sketch ROS (Return on Sales, EBIT/sales) and ROA (Return on Equity, net income/equity) since 1990. ROS has fluctuated around 4% and ROE has fluctuated around 15%.

Figure 3: Development in Return on Sales and Return on Equity



Source: Annual report 2020 and previous years.

The Group experienced financial improvements from the 1990s to 2000-2010, but after 2010 both profitability and growth rates have returned to historical levels. Average return on sales (ROS) and return on equity (ROE) declined in the 2010-2019 period. However, as is clear from Figure 3 and Table 1, the group has experienced less volatile growth rates recently.

Overall, the Group can show strong average growth rates in sales and equity, as shown in Table 1. With the exception of a few years in the 1990s and the 2008-2009 financial crisis, the Group has had growth rates in sales and equity every year during the period, with average annual growth rates of approximately 14% and 13 %, respectively. Additionally, 2020 is a natural outlier with declines in both sales and equity, negative 4,1% and 3,5%.

Table 1: Development in financials, 1990-2019.

	Average 1990-2019	Average 1990-1999	Average 2000-2009	Average 2010-2019
Return on Sales (ROS) Volatility	3,7% 2,0%	2,4% 2,2%	5,4% 1,2%	3,4% 1,0%
Return on Equity (ROE) Volatility	12,9% 9,9%	9,5% 14,1%	19,9% 4,5%	9,4% 3,0%
Sales Growth	14,2%	14,6%	17,9%	10,3%
Equity Growth	12,9%	8,4%	20,7%	9,2%
Sales/Equity	5,6	6,3	5,7	4,8

Source: Annual reports

Altogether, Rambøll appears to be a successful company and it is interesting to inquire to what extent this success is attributable to its ownership and governance.

At the business level, Rambøll seems to have originally had a competitive advantage in structures and buildings (steel and concrete) derived in part from the technical skills of its founders. Subsequent advantages were derived from first mover advantages in waste treatment, incinerators and power plants, which were a relatively unique feature of Danish energy policy that could be exported around the world. However, the Group has now diversified and grown to an extent that makes it difficult to attribute success to excellence in any particular area.

An alternative viewpoint is that Rambøll benefits from its values which are articulated in “The Philosophy” (Rambøll 1986, 2000), “The Holistic model” (Bligaard Pedersen 1997) and “Our Legacy” (2016). “Our Legacy” is the Rambøll Foundations statement on the two earlier documents. As an update on the 1986 Rambøll philosophy, it is the background for the further development of Company’s fundamentals in 2017.

Values

In discussing Rambøll's success, it is difficult to get around the legacy of the company's founders Børge Rambøll and Johan Hannemann. Both were professors who wrote doctoral dissertations and textbooks in structural engineering, but they also both shared humanistic attitudes to life and business. They agreed from the beginning that employee satisfaction and high ethical standards were to be prime goals for the new company. Hannemann possessed a legendary understanding of steel structures, but was also a follower of the Danish religious philosopher Martinus, who advocated vegetarianism and nonviolence. As a scientist and engineer, Rambøll specialized in concrete structures, but also played the cello and published several works of fiction, travel description, biography and essays (a total of at least 22 books in addition to many articles and newspaper columns). The two founders imprinted their humanistic philosophy on the company, first in practice and later in writing. For example, the company was not to work for slaughterhouses or the military.

Rambøll's "Philosophy" as described by Børge Rambøll (1986, 2000) has 5 principles.

- 1. Satisfied employees** through employment security, decentralization, *"a spirit of trust and confidence"* and *"awareness of the human dimension"*. Thus, *"All Rambøll's other goals must in fact be regarded as means to an end – required by necessity or circumstance. Means towards achieving that single main goal – satisfied employees."* This also included avoiding risks that would set jobs at risk.
- 2. Corporate Ethics.** Rambøll strives for high ethical standards among its employees and *"is not interested in clients, suppliers or business connections whose ethical standard, in the firm's opinion is objectionable... The firm does not carry out assignments for the military forces"*.
- 3. Quality rather than quantity.** *"Growth must not become a goal in itself...Excessively rapid growth can pose a threat to quality ...It must never be forgotten that in our business an erroneous calculation can cause tragic accidents..."*
- 4. Senior executives must have a thorough understanding of the firm.** *Each single district manager must be capable of acting on his own as chief executive, but nevertheless managers "must work together on terms of equality". "It is essential the information can flow in all directions"*. This enshrines the de facto autonomy of local branches, which has since given way to a somewhat more structured approach.
- 5. Rambøll's surplus will flow back to the firm** through the foundation, for example through improving the working environment although a major share must also be available for consolidation. *"All employees are a sort of co-owners, each employee must benefit"*.

Using a total quality management framework Flemming Bligaard Pedersen (who was CEO at the time) operationalized the Rambøll "philosophy" to what he termed *"The holistic model"* (Bligaard Pedersen 1997) which states three overall goals for the Group.

- Satisfied employees
- Satisfied customers and a positive impact on society
- Economic independence and freedom

Satisfied employees are said to demand interesting high-level work, which provides a rationale for international growth, expansion and for achieving a critical mass that allows the company to participate in large, complex projects.

Benefit to society is voiced quite clearly in “the philosophy” which states that Rambøll is particularly pleased to participate in socially useful projects. Hence, until recently, the most company revenue originated from public clients, whereas the private client base was mainly added through the large US acquisitions.

Economic independence and freedom are understood to apply both to the company, which can retain its autonomy through self-financing, and to the employees, who can work independently though decentralized decision-making.

In the holistic model, the foundation is a caretaker of values and goals that require human and technical resources as means to produce consultancy services. The results obtained through these services include customer and employee satisfaction as well as impact on society. Achieving these goals is believed to determine financial (business) results. Each of these elements is further operationalized through a series of “focal points” (indicator variables).

As previously mentioned, the foundation issued “Our Legacy” in 2016. A document guiding a much larger and international and diverse company, but with a solid basis in the Rambøll’s “Philosophy” and the stakeholder thinking by Flemming Bligaard. “Our Legacy” has four equally important principles, namely

- We behave decently and responsibly
- Our employees are our strength
- We are an active member of society
- Excellence and insights are our hallmarks

Today, “Our Legacy” is the main foundation document that describes how Rambøll shall conduct its business. It is the basis for the company fundamentals, including mission, vision, values and stakeholder commitments.⁷

The values matter to Rambøll. They appear to function as a social glue, which promotes cooperation between relatively autonomous employees and departments. They also form a bond between the company and its stakeholders so that employee and customer churn is kept low. Many employees have spent their entire career in the company, and some key accounts date back more than 50 years.

Rambøll also has a good reputation for ethical conduct. Over the past decade, it has consistently ranked among the best Danish companies in terms of responsibility and employee relations. Scandals have been few, but the company is increasingly challenged. In particular in the Middle East, where the rights of construction workers often are violated. While Rambøll’s work only relates to the design phase of projects, the association to a project where issues occur may also be criticized. Rambøll’s Code-of Conduct guidance and internal/external Whistle Blower is today’s way for employees to react to human rights and other

⁷ ref: <https://ramboll.com/who-we-are/who-we-are-left-side-menu/a-purpose-driven-company>

compliance breaches. Concern for employee satisfaction and ethical standards may also at times conflict with business opportunities and company dilemmas sometimes arise from “Our Legacy”. Rambøll has created an Ethics Committee with the purpose of discussing dilemmas. The Committee evaluates dilemmas, sets direction on ethical matters and give guidance to the company’s policies and procedures beyond strict legal compliance.

However, values do not come without costs. Some would argue that Rambøll’s strong emphasis on decentralization and local autonomy has made it more difficult to reap synergies of integration after mergers.

Sustainability

A focus on sustainability, corporate and environmental responsibility is part of Rambøll’s strategy. Starting in 2018, the company has chosen to include the Corporate Responsibility Report in its Annual Report, highlighting its importance to their business. The company’s dedication to sustainable solutions is both visible in its investments and in everyday activity. Both Environ and O’Brien & Gere, acquired in 2015 and 2019 respectively, have strong competencies in water, energy and the environment, and Rambøll has a growing market in sustainability services. For instance, Rambøll assisted the Dallas Fort Worth International Airport to become one of the first carbon-neutral airports in the US, thereby meeting its sustainability goals.

Rambøll aligns its sustainability strategy with the United Nations Sustainable Development Goals (SDGs). In 2016, the company reviewed its service portfolio for its direct and positive contribution to the UN SDGs and concluded that approximately 49% could be ascribed to sustainability. A 40% growth target in 2020 was part of the company strategy and this goal has guided both acquisitions and organic growth. The target could have been more ambitious – in 2020, 62% of the company’s revenue is estimated to contribute directly and positively to the SDGs. The impressive achievement no doubt contributed to the “Winning Together” strategy initiated in 2017, which highlighted the company’s goal to be recognized as a global leader in sustainable solutions. The “Environmental & Health” division of Rambøll is currently the second largest section contributor to the company’s revenue, contributing around 24% to total sales.

The combined reports include measurements of environmental footprint and international environmental rankings. The company displays its environmental impact in terms of total CO₂ emissions per full time employee, which has been steadily declining for the last couple of years. The membership community Environmental Analyst ranks Rambøll in the top of most environmental firms. Both measures contribute to the image of a company with a strong sustainability focus.

The Rambøll foundation

The Rambøll foundation was established in 1971 by the company’s five partners (the two original founders and 3 senior co-owners) in the firm. The carefully planned transition to foundation ownership was motivated by the need for a smooth ownership succession that would enable the company to thrive.

From then on, the prime goal was the best interest of the company for example through earnings retention. The employees did not feel much of a change since the foundation continued to run the

company in the spirit of the founders who remained active in company management and on the foundation board. They even took turns as managers.

Formally, according to the charter (§ 2) the foundation's purpose is

- to own stock in Rambøll companies and thereby to further their survival and development (§ 2.1),
- to support research and education in order to further the development of Rambøll companies (§ 2.3)
- if need be to support present and former Rambøll employees and their families (§ 2.4)
- to support charitable purposes in general (§ 2.5).

Moreover, the foundation board is obliged to work for social responsibility at the Rambøll Group and its associated companies (charter § 7.1). Thus, the foundation is widely regarded as the guardian of "*the values*".

According to the foundation charter, foundation board members are primarily to be elected among past and present managers in the Rambøll Group (charter § 6.8) with no more than two members from the outside. In turn, the foundation is to elect 4-6 highly competent members with good business contacts for the company board, including the chairperson and the vice chairperson (charter § 6.14).

Governance structure

Rambøll's governance has evolved over time in pace with the company's growth and comprises today of three separated and independent bodies: The foundation board, the group (non-executive) board and executive group board.

The Rambøll Foundation has issued a stewardship document that serves as information to the Rambøll Group Board outlining the Foundation's priorities and aims. It expresses the expectations for the overall management and long-term priority and aims for the value creation in the Rambøll Group. It can be seen as an "owner's guidance" to the Company⁸.

As of 2020, the foundation board still consists exclusively of current and former Rambøll employees with Robert Arpe – former Managing Director for Rambøll Denmark and Rambøll UK – as chair. The board consists of member from the Danish, Swedish, Finnish and Norwegian business units, and four employees elected among the Danish employees according to the Danish legislation. The composition reflects the foundation's wish to remain in the Nordic leadership tradition.

⁸ ref: <https://rambollfonden.com/-/media/6b34512c5cd242d5b183428e1f753003.pdf>

Rambøll Foundation Board 2020	
Robert Arpe	Chairman, Former Managing Director Rambøll Denmark & UK
Klavs Koefoed	Deputy Chairman, former Director, Transport, Rambøll Denmark
Sanna Turina	Division Director, Buildings, Rambøll Sweden
Line Dybdal	Director, Rambøll Management Consulting, elected by employees
Inge Birkegaard Damsgaard	Senior Project Manager, Transport, Rambøll Denmark, elected by employees
Helen Kristensen	Senior Manager, Rambøll Denmark, elected by employees
Neel Strøbæk	Senior Group director, Sustainability & Cr, Rambøll Group
Mogens Gunhard Nielsen	Senior Chief Consultant, Rambøll energy, elected by employees
Mikko Lappänen	Technical Director, Rambøll Finland
Thomas Rand	Former Managing Director for Energy
Bjørn Tore Landsem	Director, Buildings & Architecture, Rambøll Norway
Søren Staugaard Nielsen	Senior Director, Rambøll Management Consulting

Source: Rambøll Foundation Annual Report 2020 and Neel Strøbæk's presentation to CBS March 5th 2021

This structure involves the governance anomaly that the non-executive board and CEO of the Rambøll company are ultimately appointed by some of their own employees. For a long time the incumbent, CEO Flemming Bligaard Petersen was simultaneously a member of the foundation board and even in earlier times a member of the company board. While this structure may be said to break the chain of command, it has parallels in the Danish and Nordic system of employee representation in which employees of the company formally help supervise, hire and fire their own top boss. Employees are also entitled to elect members of the foundation board, and in the case of Rambøll this further increases insider control. *“The foundation charter would allow election of two outside board members, but as of yet, the foundation has not found this option to be viable”*, Robert Arpe states.

However, it is not clear that insider control has been a handicap. In some respects, it may have been an advantage. One may speculate whether the strategic disruptions created by large-scale acquisitions would have been possible with a more clear-cut chain of command involving stronger checks and balances on company management. Alternatively, outside directors with business experience might also have supported growth by acquisitions.

At present, the foundation has not hired a CEO, but is assisted by a secretary from the company, presently Camilla Behrens, Rambøll's general counsel in Denmark.

Historically, the foundation's activity level has been low. Given modest donations of a few million DKK, board meetings were focused on company affairs. However, in recent years the foundation has stepped up its donations and sought to clarify its role as an active owner.

In contrast to the foundation board, **the company board** is composed exclusively of outside directors with no previous connections to Rambøll (except for the employee-elected members, which are mandated by Danish company law). This was not always so, but has been a policy in recent years in order to secure independent supervision of company management – and to avoid short-circuiting the governance system by intervention from company employees. As may be seen, the employee-elected board members also differ from the employee-elected members of the foundation board. While one member (Jørgen Huno

Rasmussen) has extensive experience in engineering and one can be regarded as an IT expert, most board members appear to be selected for their general business experience rather than for particular functional competencies.

Rambøll Group Company Board 2020	
Jeff Gravenhorst	Chairman of the board, Chairman of Moment A/S (personnel recruitment), Chairman of the Human Practice Foundation, chairman of SSG A/S and more
Jørgen Huno Rasmussen	Deputy Chairman of the board, Vice-Chair of the board of Terma, member of the board of Topsøe A/S, Bladt Industries A/S, Otto Mænsted A/S and more
Merete Helene Eldrup	Board member, Chair of the boards Nykredit A/S (bank), Nykredit Realkredit A/S, Copenhagen University and Rockwool Foundation. Board member of Kalaallit Airport International, Egmont Fonden and Egmont International Holding A/S.
Alun Hughes Griffiths	Board member, Deputy Chair of the board of The Port of London Authority
Thomas Gregers Honoré	Board member, previously CEO of Columbus A/S (consultancy), Chairman of the board of Nexcom A/S
Lieve Declercq	Board member, Managing Director Spie Netherlands B.V (engineering company), member of Executive Committee Spie Group SA and Supervisory Board Member Spie Deutschland & Zentraleuropa. Board member of the Dutch National Opera & Ballet fund and more.
Steen Nørbæk Madsen	Employee-elected board member. Head of Department, Rambøll Denmark A/S
Thomas Jordan Johannessen	Employee-elected board member, Director Rambøll Management Consulting A/S
Helene Bekker	Board member, Head of Department, Landscape & Urbanism for Henning Larsen (acquired by Rambøll in 2019), board member at Henning Larsen Architects

Source: Rambøll Group Annual report 2020

Rambøll Group Executive Board 2020	
Jens-Peter Saul	Group Chief Executive Officer
Marianne Sørensen	Group Chief Financial Officer
Hilde Tonne	Group Chief Innovation Officer
Markku Moilanen	Group Executive Director
Søren Holm Johansen	Group Executive Director

Over time, the professional company board has influenced Rambøll's development in many ways, first and foremost perhaps by advocating mergers and acquisitions as a path to growth, which to some extent was a break with a philosophy that emphasized organic growth.

Governance issues

The division of labor between the two boards – foundation and company board – has been much discussed. In principle, the foundation board exercises its influence only by electing shareholder representatives to the company board. However, since the foundation will always be in a position to replace the company board,

there is a high likelihood that company board members and company managers will listen and comply with suggestions made by the foundation board. For example, in the company's early history, dismissed employees would occasionally complain to the foundation, which might then respond by a letter to the managers in question asking for an explanation, and encourage them to find a solution.

Historically, while founder Børge Rambøll was alive, he would occasionally let his views be known to senior managers – in accordance with the company philosophy, which states that information must be able to flow freely in all directions. Given his status and charisma, such advice obviously had a strong impact and created some confusion about the role of the foundation board. In one case, the chair of the company chose to resign following a particular process. Other examples include hiring/firing decisions as mentioned above and discussions about Rambøll's organization, in which Rambøll employees sought to influence the outcome by appealing to the foundation board thus short-circuiting the chain of command. These were exceptions, however, and over time a division of labor has emerged, in which the foundation exercises its role as an active owner, but does not intervene in the internal affairs of the company, including hiring or firing and organizational issues. "We have appointed a very strong Group Board and trust that they can handle all operational matters", Robert Arpe says.

However, as an active owner the foundation has a legitimate say in major decisions like M&A and in approving general policies and strategies of the company. This is necessary since the foundation has invested almost all of its funds in the company and since the foundation is designated a role as guardian of the company's values. The foundation states its views to the company in an annual memorandum on objectives, which clarifies what the foundation expects of the company. According to the memorandum, the foundation board expects to be consulted on major investments (> 100 mill DKK), the appointment of the company CEO and major organizational changes. In practice, the memorandum changes little from year to year. In addition, the chairmanship (chair and vice chair) of the two boards meet regularly and communicate freely as need arises, while the chair of the company board (the CEO) regularly briefs the foundation board about developments in the company.

The foundation board takes its role as values guardian seriously: Preserving and developing them is a challenge in an organization that has grown fast by international acquisition. It has established a values committee and expects to be consulted on value questions such as signing on the UN Global Compact. It picks board members carefully taking value questions into account. However, it appears that the foundation has never seen the need to intervene or comment on company behavior in this respect.

Incentives

Historically, Rambøll has explicitly relied on a "holistic" view of human nature, according to which managers or employees are not motivated primarily by monetary rewards, but take pride in doing socially related work of high technical standards. To a large extent, the company has relied on the standards and ethics of the engineering profession and the sharing of values that are expressed in "Our Legacy".

However, after 2000 the company has also seen fit to introduce bonus systems in which a share of managerial pay depends on economic performance. Incentives are not as high-powered as has been known

in other companies, but they are not insignificant either. Some 20-30% of a manager's total compensation may come from bonuses, if she performs well.

Moreover, the company has introduced an employee share scheme in which employees currently own 2% of the company. Management co-ownership was originally introduced at the request of the banks financing the Scandiaconsult takeover, but the foundation decided to extend the scheme to all employees, which therefore have incentives to care about the company's financial performance. While bonuses provide a short-term individual incentive, employee shares provide a long-term incentive at the overall company level.

Moreover, the company has explicitly endorsed the idea of "economic profits" which are calculated net of costs of capital (assumed to be in the order of 10%) as a guideline for dividends and investment calculations. Economic profit, it will be recalled, is the central concept in shareholder value management.

The holistic model was implemented by a number of performance indicators that are similar to the balanced scorecard that subsequently became a popular management tool.

In addition, a previously quite informal organization has become more structured with responsible division managers complementing the independence of regional offices and individual employees.

Success and Failure

In 2020, Rambøll was included in the top 10 international design firms in Engineering News-Record's annual listing and is the largest engineering consultancy in Denmark. A natural benchmark company for Rambøll is COWI, a Danish foundation-owned engineering consultancy, which has also grown successfully over several decades and was formerly regarded as the industry leader. However, while COWI was a larger company than Rambøll in 2000, Rambøll leapfrogged and overtook COWI by the Scandiaconsult takeover in 2003 plus a number of subsequent acquisitions. Currently Rambøll has more than 15.000 employees against 6.600 in COWI. Rambøll has performed well during the last two decades, showing higher and less volatile return on sales than COWI in addition to higher return on equity in the last decade. What can explain this success?

The Scandiaconsult takeover in 2003 was a watershed event in many respects. Rambøll doubled in size from roughly 2000 to 4000 employees. This enabled the combined company to achieve economies of scale and participate in larger projects. Moreover, after the merger, Rambøll was no longer primarily a Danish company, but a Nordic company with a real presence in Sweden, Norway and Finland. Scandiaconsult was a profitable listed company, and Rambøll learned from its attitudes to shareholder value creation and its economic management systems, which contributed to a higher profit rate in subsequent years. The acquisition was debt-financed which took some risk willingness for both the company and the foundation. At the time, critics feared that the debt burden would be risky and difficult to carry, but the merger benefitted from an economic boom in subsequent years as well as from a smooth integration process with little top-down pressure from central management in Copenhagen. Some would no doubt see this as a lucky punch. However, it is difficult to argue that luck lasted for 18 years thereafter. Other explanations would include the Rambøll spirit and the visionary leadership of CEO Flemming Bligaard.

Obviously, Rambøll has not been successful in everything. The first major merger with another foundation-owned engineering consultancy, B. Højlund Rasmussen, avoided capital outlays, since the foundations were merged as well. The operation also made business sense, since combined forces enabled the joint entity to challenge COWI's supremacy in large government contracts, for example the Great Belt Bridge. However, the two companies continued mostly with parallel organizations and two CEOs, which delayed the potential synergies for several years. However, the lessons learned from this experience may have been a necessary condition for subsequent takeovers to succeed.

Subsequently in the last half of the 1990s, unsuccessful internationalization through acquisitions around Europe had to be divested because it turned out not to be financially viable with a formerly state-owned firm in Slovakia as the most painful example. Some large projects in developing countries ended with large losses and somewhat usually, Rambøll had to cut costs by layoffs to cope with the first deficit in the company's history. All this heralded a break with the lifetime employment policies of previous decades. Unsuccessful business areas in IT and development consultancies were separated out and divested albeit in an orderly way. Profitability and growth were increasingly regarded as a necessity for retaining independence rather than an option, which a foundation-owned company could afford to do without.

To be sure, growth does not guarantee success. The acquisition of UK Whitbybird came at the worst possible time, just before the financial crisis, and the UK division has subsequently been struggling to become profitable. Nevertheless, by then Rambøll had the financial strength to weather the losses and Rambøll's managers maintained that *"we have learned a lot and would not be without it"*.

The foundation's role has first and foremost been to support rather than to block the many international acquisitions. While the foundation structure was regarded as a barrier by the incumbent Scandiaconsult, the role of the foundation as a benevolent owner seems to have been a selling point in negotiations with subsequent acquisition candidates, for example with the US companies Environ and OBG.

Discussion

It is tempting, but incorrect to attribute Rambøll's success to foundation ownership. Many other Danish engineering companies are foundation-owned, and Rambøll is an outlier among them in terms of growth and performance. It is more accurate to say that Rambøll's success has resulted from the way foundation-ownership was exercised – its governance. In some ways – fast acquisition-led growth, sell offs and spin offs, layoffs, economic incentives, board separation, delegation of responsibility to a professional board, active ownership – Rambøll has challenged and changed the stereotype of a foundation-owned company by introducing elements of shareholder valued based corporate governance.

However, the company has retained many of its essential features – the foundation is in full control, the philosophy of the founders and the Rambøll spirit are very much alive, the foundation is still controlled by current and former employees, and the commitment to engineering consultancy in its widest context is unwavering. Rambøll – and several other cases - show that it is definitely possible to combine excellent financial results with foundation ownership. Thus, the recipe seems to have been retaining foundation ownership but complementing it with alternative governance mechanisms.

For a business company Rambøll is unique or at least remarkable for its commitment to corporate values and the foundation structure seems ideally suited to make this commitment credible over the long term. Foundation ownership entails greater stability and less dependence on the whims of individual owners than in the partnership commonly adopted by engineering companies. However, going forward, preserving – and developing - the company’s unique values could be a challenge given its rapidly growing international workforce.

Altogether, foundation-ownership seems to have mattered in the following areas

- solving the ownership succession problem
- ensuring reinvestment of earnings in the company
- guarding company values
- a long-term perspective on business strategy
- retaining employees
- providing a unique selling point to acquisition candidates

Going forward, it is not clear that Rambøll needs to continue its fast growth, but an abrupt end of history for the company’s impressive growth may not be realistic either. However, as in the past, retained earnings may potentially finance future growth, and there is still scope for attracting capital from outside investors without jeopardizing the foundation model.

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