

Why the 200-year-old Ispahani Group is writing its own constitution

The family business' strong sense of values may be encapsulated in a charter



On the board: Iraj Ispahani at Shakespeare's Globe theatre in London © Rick Pushinsky

Hugo Greenhalgh Financial Times May 5, 2017

IRAJ ISPAHANI and I meet for the first time, appropriately enough, for afternoon tea at the Royal Automobile Club, a 120-year-old institution in the heart of London's clubland. We sit under its towering marble columns and ornate stucco cornices, bookended by our respective teapots.

Appropriate because Ispahani, 56, is a 10th-generation member of the Ispahani Group, the family company that began in 1820 as a supplier of tea to the British empire in south Asia. Around us echo centuries of colonial tradition and pomp; in front of us sit two quickly cooling cups of English breakfast tea.

Today, the Ispahani Group's interests include consumer foods, textiles, real estate and shipping, and it employs 10,000 people in its offices in the Bangladeshi cities of Chittagong, Dhaka and Khulna. For the young Iraj, growing up in Iran and then what

would become Bangladesh, the family firm loomed large. *"I knew that at some point I would need to step in,"* he says. *"As I grew older I became much more aware of how difficult it is to achieve the things that we have done as a family over many generations."*

But he was also determined to make his own mark first. After graduating in politics and history from the University of London, Ispahani earned an MPhil in international relations at the University of Cambridge before being accepted on to the JPMorgan management training programme in New York in 1985. *"My father thought that actually this was part of my finishing school experience,"* Ispahani laughs.

The 1980s was a time of deregulation of financial services in London, which is where Ispahani returned in 1986 and worked on the trading floor in fixed income, in the run-up to Big

Bang. By this time, he had met the woman, a fellow JPMorgan banker, whom he would marry eight years later.

His JPMorgan work involved him shuttling between London and Geneva, but the family business was always present in the background. With his father ailing, Ispahani joined the board of the business in Bangladesh six years ago. *"My father and I had always maintained the conversation [about me joining the business] and when he was diagnosed as being terminally ill, it was a conversation that needed to be accelerated,"* he says.

Ispahani, who is now based in London as chief executive of Ispahani Advisory, which advises chairmen and women, chief executives and founders on business strategy and talent management, is almost at the stage of having the family business conversation with his own two children.

Aged 15 and 17, they would be the 11th generation to join the business. *“They’ve been brought up in London, and my wife and I have never imposed anything on them as predestination,”* he adds.

Yet it might be inescapable. With a long-standing family business comes a strong sense of values, Ispahani explains. He and other relatives, along with some external advisers, are focusing on creating a *“constitution”* based on the family values. The process will also define more closely their ongoing relationship with the business.

“We’ve operated as a family for many generations without a constitution,” he explains. *“The reason we’ve been able to do it is essentially that the rules — how we operate and our values — didn’t need to be written down. They were understood; you were brought up with them and you had a commonality of experience.”*

The addition of various cousins and other relatives — there are ap-

proximately 50 members of Ispahani’s generation and the next — means it has become important to define what the company stands for, and ensure this sense is carried through to subsequent generations.

A written constitution will encapsulate some of the family’s values, but just as important for the survival of the business through so many generations — the vast majority do not make the third or fourth — is the family’s commitment to philanthropy. *“We were brought up with a sense of duty, which was based on looking after the communities in which you lived,”* Ispahani explains. *“It was really looking after people in your own community.”*

Much of this philanthropy revolved around the most important issues in many emerging markets — health and education. But Ispahani’s ancestors, particularly his great-uncle, Mirza Ahmad Ispahani, who started an optical dispensary in Dhaka in 1965, were early proponents

of what is now called impact investment: they wanted to ensure their money was being used practically and effectively. Today the Ispahani Islamia Eye Institute and Hospital is the leading eye hospital and teaching institute in Bangladesh.

Ispahani himself sits on the board as deputy chair of Shakespeare’s Globe theatre in London, having been tapped by project impresario Sam Wanamaker following a chance meeting at a reception at St James’s Palace more than 25 years ago. *“[Wanamaker] was absolutely driven: pugnacious, combative, challenging, a perfectionist and he had that spirit that a founder does, which was relentless,”* Ispahani says now. *“It was never good enough, so actually to keep up with him was exhausting, and many didn’t stand the test of time because no sooner did they think they knew what he wanted, he might have changed his mind slightly.”*