

THE LONG CLOCK · CHAPTER SIX

The Foundation and the Trust

Chapter Six of The Long Clock

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Chapter Six of The Long Clock. The whole book, with every chapter, is at business.hautelumiere.life/library/the-long-clock (DOI https://doi.org/10.5281/zenodo.23989072).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

Three of the most durable industrial companies in Europe have an unusual thing in common. Each is controlled by an owner that is not a person, does not take its profits for private use, and in practice does not sell. The optics and glass companies of Jena, now Carl Zeiss AG and SCHOTT AG, have been owned by a foundation since the 1890s. Robert Bosch GmbH has been held by a foundation since 1964. Novo Nordisk, the Danish pharmaceutical company, is controlled through an investment company owned by a foundation whose roots go back to 1922. The three are cited so often in arguments about purpose that they have become a kind of shorthand, and shorthand loses the detail that makes a case useful. This chapter reads the three in their own published figures, separates what each source shows from what it is cited for, and asks the question a leader can take home: what, exactly, does a foundation owner do to a company's clock?

CHAPTER SIX

The Foundation and the Trust

Three owners who cannot sell

Three of the most durable industrial companies in Europe have an unusual thing in common. Each is controlled by an owner that is not a person, does not take its profits for private use, and in practice does not sell. The optics and glass companies of Jena, now Carl Zeiss AG and SCHOTT AG, have been owned by a foundation since the 1890s. Robert Bosch GmbH has been held by a foundation since 1964. Novo Nordisk, the Danish pharmaceutical company, is controlled through an investment company owned by a foundation whose roots go back to 1922.

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The answer, set out at the end, is not that foundations are virtuous. It is that each of these arrangements separates three things ordinary ownership bundles together, the right to the money, the right to decide, and the right to sell, and lengthens the clock by giving each of them to a different party. That separation can be borrowed by firms that will never have a foundation.

Ammanuel Santa Anna's *Ecstatic Economics* names two of these companies in its account of steward ownership and states the design aim plainly. Such structures, he writes, show that it is possible to build profitable, competitive businesses that are "structurally incapable of being captured by short-term financial interests."[47] The word that matters in that sentence is *structurally*. It is the same word chapters 2 and 3 kept returning to.

Jena, 1889

The oldest of the three begins with a scientist. Ernst Abbe was a physicist who had worked with the instrument maker Carl Zeiss in Jena and become his partner. After Zeiss died, Abbe did something that still reads as strange. The foundation's own chronology records it in a single line: on 19 May 1889, "Ernst Abbe founded the Carl-Zeiss-Stiftung."[48] Two years later Abbe transferred his shares in the optical works and in

the glassworks he had built with Otto Schott, and the foundation was entered in the commercial register as owner of Zeiss and of part of Schott. The rest of Schott followed in 1919.

The decisive document came in between. On 1 October 1896, in the foundation's words, "the revised statute of the Carl-Zeiss-Stiftung came into full force and effect," and it served as the corporate constitution of the foundation's companies for more than a century.[48] The statute did not only say who owned the companies. It said what they were for, how they were to treat the people who worked in them, and what the proceeds were to support. The foundation's own summary of its purpose is short: the main focus "remains on the promotion of science."[48]

In 2004 the arrangement was modernised. The companies were converted into joint stock corporations, Carl Zeiss AG and SCHOTT AG, and the foundation changed from one that ran the businesses directly into a shareholder foundation, the sole owner of both.[48] The change is worth noticing because it shows the structure adapting rather than freezing. A purpose written in 1896 was kept; the machinery that served it was replaced.

What the Zeiss case shows is longevity under one purpose across a period that included two world wars, the division of Germany and the reunification that followed. What the foundation's chronology cannot show is how much of the companies' success is owed to the structure and how much to markets, technology and the people in them. The house reads it as an existence proof. It is a long one.

Stuttgart, 1964

Robert Bosch founded his workshop in Stuttgart in 1886 and led the company until his death in 1942. He left instructions for the company's future ownership, and the arrangement his heirs and executors eventually settled on took its present form in 1964, when most of the family's shares passed to a body that became the Robert Bosch Stiftung. The foundation dates its own founding to that year.[49]

The company describes the result in a few figures.[50] The not-for-profit Robert Bosch Stiftung GmbH "holds roughly 94 percent of the share capital of Robert Bosch GmbH." A corporation owned by the Bosch family holds roughly five per cent, and the company itself roughly one per cent. The votes are distributed quite differently. "Of the voting rights, some 93 percent are held by Robert Bosch Industrietreuhand KG," an industrial trust that carries out the entrepreneurial functions of ownership. "The approximately 7 percent of voting rights remaining are held by the founder's descendants." The foundation, which holds almost all the capital, does not steer the group's strategy. It finances its charitable work from the dividend it receives.

Read slowly, the figures are a design. The party that receives most of the money cannot direct the company. The party that directs the company receives almost none of the money. And no party in the arrangement is in a position to sell the company for personal gain. Henry Hansmann and Steen Thomsen, whose study of

Danish foundations chapter 3 introduced, called the general principle managerial distance: in their Danish data, foundation-owned companies performed better where the owner holding the purpose was separated from the managers it oversees.[51] Bosch takes the principle a step further. It separates the money from the vote as well.

Santa Anna's governance manuscript cites firms of this kind as evidence that long-horizon structures are not a niche for small idealists. "These are not small firms — they are global market leaders in their respective categories — and their governance structures are directly implicated in their capacity for long-horizon innovation."[52] The claim is plausible and consistent with the Danish evidence in chapter 5. No study cited in this book isolates it for Bosch, and the house does not claim that one has. The case shows that the structure can sustain a global company over generations. It does not show the company would have done worse without it.

Copenhagen, 1922

The third case is the most commercially exposed of the three, because its operating companies are listed on the stock exchange and their shares trade every day.

The Novo Nordisk Foundation traces its history to 1922, when the Nobel laureate August Krogh returned from North America with permission to produce insulin in Scandinavia.[53] Today the foundation owns, through its wholly owned investment company Novo Holdings A/S, controlling stakes in Novo Nordisk and in Novonesis. The foundation's own figures, stated for the end of 2025, give Novo Holdings A and B shares in Novo Nordisk equivalent to "about 28.1% of the share capital and about 77.3% of the votes," and in Novonesis "about 25.5% of the share capital and about 63.4% of the votes."[53]

The mechanism is a split share class. A shares carry more votes than B shares, and the foundation's articles fix its position: "the Foundation must maintain a majority of the votes in the form of A shares in both companies," and it "should hold at least 25.5% of the two companies' share capital."[53] Most of the capital, in other words, belongs to ordinary shareholders who can buy and sell as they please. Control does not move when they do.

This is the case most useful to a reader running a listed or soon-to-be-listed company, because it shows a long clock living alongside a short one. The share price still moves on quarterly results. Analysts still publish forecasts. What cannot happen is the sale of the company by the people who trade its shares, because the votes that would approve a sale are held by an owner with a charter. Santa Anna's manuscript describes the arrangement in a sentence that names the mechanism without overstating it: the Novo Nordisk Foundation holds majority control through a structure that, in his reading, "directly embeds a long-horizon commitment into the ownership arrangement."[52]

The limits are as plain as the strengths. Dual-class control is the same tool chapter 3 examined under the heading of entrenchment, and it carries the same risk: a controlling owner can protect a poor management as easily as a good one. The foundation's protection against that risk is not in its share structure. It is in the separation, again, between the foundation's board and the companies' management, and in the foundation's own accountability for the charitable purpose it funds.

What a foundation does to a clock

Set side by side, the three cases share a pattern that can be stated without any of their particulars.

The right to sell is removed or held by a party with a charter. In Jena and Stuttgart, nobody can sell the companies for private gain. In Copenhagen, the votes needed to approve a sale belong to a body whose articles require it to keep them. The first effect on the clock is the one Santa Anna's book names as the exit problem. "Steward ownership locks the mission into the legal structure of the enterprise," he writes, "— ensuring that the company's vitality orientation survives any individual leader."[47] The shortest clock in an ordinary company is the moment a controlling owner decides to sell. These arrangements remove that moment.

The right to the money is separated from the right to decide. At Bosch the separation is almost complete. At Zeiss the foundation holds both but is bound by a statute on what the money is for. At Novo, most of the money belongs to market shareholders while the decision sits with the foundation. In each, the party that decides is not the party that would most benefit from drawing down a long-clock asset this year.

The owner has a purpose of its own. Science in Jena, a broad charitable programme in Stuttgart, research and health in Copenhagen. The owner's purpose is not identical to the company's, but it requires the company to keep producing returns for a very long time. A foundation that will need dividends in fifty years has every reason to protect the apprenticeship programme of chapter 5.

The owner is present. None of the three is a passive endowment. Each has a board, a staff and a reason to read the company's results. Chapter 13 calls this the role of the long-clock holder: a party with a long clock, the standing to act on it, and enough distance from daily management to judge it fairly.

A composite: the family that borrowed the separation

The three cases are large and old. The borrowing is easier to see in something small, and so here is a composite, built for teaching. The firm is not real and the details were set by the writer.

A third-generation family owns a regional bakery group with nine sites and about two hundred and thirty employees. Four cousins hold the shares equally. Two work in the business; two do not. Each year the board meets after the accounts are closed and decides the dividend, and each year the same argument takes place in a different coat. The cousins outside the business want a larger distribution. The cousins inside want to

keep money for ovens, for the training kitchen where new bakers learn the dough, and for the slow work of winning back two supermarket accounts lost three years ago. Nobody is wrong. The cousins outside have school fees and mortgages. The cousins inside can see the ovens.

The argument is a bundle problem. The same four people hold the right to the money, the right to decide and the right to sell, and each of them sits on a different clock. Every dividend meeting is therefore a negotiation between a twelve-month clock and a ten-year one, conducted by people who also have to sit together at Christmas.

The family does not create a foundation. It borrows three pieces of the separation. First, it writes a two-page family charter, a small statute, naming what the bakery is for: bread baked from scratch in the towns where it is sold, and a trade that can be learned in those towns. Second, it places the training kitchen and oven replacement under a fixed rule, a stated share of revenue each year, overseen by a committee of one family member, the head baker and an outside director who takes no part in the dividend decision. Third, it agrees that no cousin may sell shares to anyone outside the family without offering them first to the others at a price set by an independent valuer, with a notice period of one year.

None of this settles every argument. It moves the arguments to a better place. The dividend meeting now decides what to do with the money that is left after the long-clock lines are protected, and the cousins outside the business know in advance what that will roughly be. The outside director has the distance Hansmann and Thomsen describe and no stake in the year's payout. And the shortest clock in the family, the moment one cousin needs cash and could sell to a competitor, has a speed limit. Whether the bakery thrives depends on bread, rents, wages and supermarkets. What the family changed is the clock on which the bakery's slow assets are judged.

The composite also shows the cost, which the large cases hide. The cousins outside the business gave up something real: the freedom to sell to whoever would pay most, at the moment they chose. The family charter asked them to accept a slower and smaller exit in return for a business that would still be worth owning. Some families will not make that trade, and the book does not say they should. It says only that the trade exists, and that it can be made on purpose rather than by default.

What it cannot do

The cases are persuasive, and so it is worth being exact about what they do not establish.

They do not show that foundation ownership improves performance. The Danish evidence suggests foundation-owned firms are, on average, about as profitable as investor-owned firms, and longer-lived; it does not show they are more profitable, and it is Danish.[51] The three companies here were already successful when their owners were arranged, and they were chosen for this chapter because they survived.

They do not show that the structure is right for every firm. A foundation is a permanent decision. It removes from the founder's heirs the right to sell, which is real wealth, and it binds a company to a purpose that may age badly. Zeiss's own history shows that a statute must be revised to survive, and revision requires someone with the standing to propose it.

They do not show that long-horizon control is safe from its own failure. A foundation board can grow complacent, protect a weak management, or confuse its charitable mission with the company's. The protection is distance and accountability, and both have to be built deliberately.

And they do not show that the structure can be copied quickly. Each case took decades and was shaped by national law, tax and history. A reader in another country, with a smaller firm, will find that the legal forms available to her are different, and should take legal and tax advice before doing anything with them. Nothing in this chapter is that advice.

The separation, borrowed

Most readers will never create an industrial foundation. Many can borrow its logic, and the borrowing does not require a change of ownership.

Separate the money from the decision for one asset. A family firm can place a single long-clock line, the apprenticeship budget, the research programme, under the oversight of a committee that does not share in this year's bonus. A board can give a named director the duty to report on that line each year, with no stake in the year's profit.

Write a statute, even a small one. Abbe's statute was a document about what the company was for and how its people were to be treated. A shareholders' agreement or a board charter can carry a short version: the purpose sentence of chapter 2, the long-clock lines it protects, and the rule for changing it.

Remove the shortest clock by agreement. A family can agree among itself that no member will sell a controlling stake without a period of notice and a review against the purpose. That is not a foundation. It is a speed limit on the shortest clock, and it costs a meeting and a signature.

Make the long-clock holder present. Whoever holds the purpose, a trust, a family council, a single director, should visit, read and ask. Chapter 4 named this as restored feedback. A long clock held by someone who never asks a question is an absence.

The house's book on employee ownership, *Owning the Work*, follows a different separation: control and benefit shared with the people who work in the firm. Its book on the commons, *The Pasture Was Never Empty*, reads Elinor Ostrom's design principles for shared resources, and a reader who builds any of the borrowings above will find Ostrom's principles of clear boundaries and accountable monitoring useful companions.

The finer points

Read the votes and the capital separately. In every case in this chapter, the interesting figure is the gap between the share of capital and the share of votes. Ask it of any company you study, including your own.

Ask who can change the statute. A purpose that nobody can change will break; a purpose that management can change alone is a mood. The right answer is a named party, outside management, under a stated procedure.

Count the years, not the promises. Zeiss has more than a century; Bosch six decades; Novo's foundation structure more than half a century in its modern form. Newer arrangements, including Patagonia's in chapter 7, are promising and young. Weight them accordingly.

Notice who is paid by the dividend. In each case the dividend funds something the owner exists for. An owner who needs the company to pay for a long time has a reason to keep it healthy for a long time. That is the alignment, and it is more reliable than a pledge.

The Tool: The Steward Structure Sketch

One page, for a company you own, run or advise. It does not recommend a legal form. It shows where the three rights now sit.

1 · The three rights today

RIGHT	WHO HOLDS IT NOW	THEIR CLOCK (MONTHS OR YEARS)	COULD THEY USE IT TO DRAW DOWN A LONG-CLOCK ASSET THIS YEAR?
The right to the money (dividends, distributions, sale proceeds)			
The right to decide (votes, board appointments, vetoes)			
The right to sell control			

2 · The bundle

- Are any two of these rights held by the same party? Which: _____
- The shortest clock in the table: __ · held by: ____

3 · The statute

- Is there a written document that says what the company is for and binds those who hold the rights? yes / no · where: _____
- Who can change it, and by what procedure: _____

4 · The borrowing

Choose one, write the step, and date it.

BORROWING	THE STEP	DATE
Separate the money from the decision for one long-clock line		
Write a short statute into an existing document		
Put a speed limit on the sale of control		
Make the long-clock holder present (visits, reading, questions)		

5 · The honest note

- What this sketch cannot tell us (law, tax, family wishes, the sector's future): _____
- The adviser we will consult before any legal change: _____

A statute in a drawer

Abbe's statute was kept, revised and kept again for more than a century. It is not famous. It is the reason a foundation in Jena still funds science from the sale of lenses, and the reason the companies that make them have never had a moment when somebody could sell them to the highest bidder. Chapter 7 turns from foundations to two founders who handed their companies to a trust in their own lifetimes, one in California in 2022 and one in London in 1929 and 1950. *Ecstatic Economics* is kept at .

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2. Carl-Zeiss-Stiftung, "History" (carl-zeiss-stiftung.de/en/foundation/history, read 19 October 2026). The dates and quotations are the foundation's own. The page does not state any legal restriction on the sale of shares, and none is claimed here; the companies' long ownership by the foundation is the observed fact.
3. Robert Bosch Stiftung, "Who we are" (bosch-stiftung.de/en/who-we-are, read 19 October 2026), which gives 1964 as its founding year. The account of Robert Bosch's will and the transfer of the family's shares is from secondary summaries consistent with the foundation's published histories; the will itself was not read for this book.
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6. Santa Anna, A. "Regenerative Governance," Chapter 5, sections on steward ownership and patient capital structures. Unpublished manuscript, Luminous Prosperity, 2026.
7. Novo Nordisk Fonden, "About the foundation" and "Ownership" (novonordiskfonden.dk/en, read 19 October 2026). Figures as stated by the foundation for the end of 2025. Novo Nordisk's own governance page gives slightly different figures for an earlier date (8 November 2024); the difference reflects the date, not a disagreement.

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