and Becks from Germany. Similarly, SABMiller has been attempting to develop the Czech brand Pilsner Urquell into a global brand. Exports of this pilsner doubled shortly after SAB acquired it in 1999, but sales have since plateaued. John Brock, the CEO of InBev, commented: "Global brands sell at significantly higher prices, and the margins are much better than with local beers."[4]

Wrestling with Change

Although the management of Heineken has moved away from the family for the first time, they have been well aware of the long-standing and well-established family traditions that would be difficult to change. Even with the appointment of non-family members to manage the firm, a little over half of the shares of Heineken are still owned by a holding company that is controlled by the family. With the death of Freddy Heineken in 2002, the last family member to head the Dutch brewer, control has passed to his only child and heir, Charlene de Carvalho, who has insisted on having a say in all of the major decisions.

In fact, the family members were behind some of changes that were announced by Heineken. These were intended to support Heineken's next phase of growth as a global organization. As part of the plan, dubbed Fit 2 Fight, the Executive Board was cut down from five members to then CEO van Boxmeer and Chief Financial Officer Rene Hooft Graafland. The change was expected to centralize control at the top so that the firm can formulate a strategy that it should follow to win over younger customers across different markets whose tastes are still developing.

Heineken has also created management positions that would be responsible for five different operating regions and several different functional areas. These positions were created to define more clearly different spheres of responsibility. Van Boxmeer argued that the new structure also provides incentives for people to be accountable for their performance: "There is more pressure for results, for achievement."[5] He claimed the new structure has already encouraged more risk taking and boosted the level of energy within the firm.

The Executive Committee of Heineken was also cut down from 36 to 12 members in order to speed up the decision-making process. Besides the two members of the Executive Board, this management group consists of the managers who are responsible for the different operating regions and several of the key functional areas. Van Boxmeer has hoped that the reduction in the size of this group will allow the firm to combat the cumbersome consensus culture that has made it difficult for Heineken to respond swiftly to various challenges even as its industry has been experiencing considerable change.

Finally, Heineken management works closely with the management of all the brewers that they acquire, relying on their knowledge of their products and markets. Van Boxmeer has stated that Heineken recognizes beer to be a regional business that should be run centrally from headquarters. In fact, the firm's website states that it supports local management of all of their brands, assisting them with some benchmarking programs that are designed to optimize marketing, sales, and distribution.

Developing a Global Presence

Like Van Boxmeer, CEO Dolf van den Brink has been well aware of the need for Heineken to use its brands to build upon its existing stature across global markets. In spite of its formidable presence in markets around the world with its flagship Heineken brand, the firm has been reluctant to match the recent moves of formidable competitors such as Belgium's InBev and the UK's SABMiller, which have grown significantly through mega-acquisitions. In large part, it is assumed that the firm has been reluctant to make such acquisitions because of the dilution of family control.

For the most part, Heineken had limited itself to snapping up small national brewers that have provided it with profitable avenues for growth into different geographical markets. It has provided relative autonomy to the firms that it purchased, acknowledging the knowledge that they may already hold about their local markets. Heineken provides them with some support to incorporate some new managerial practices. In sum, the breweries that the firm acquires act as partners rather than as subsidiaries.

Heineken has occasionally broken out of this pattern of small acquisitions to make a few big deals. In 2003, Heineken spent $2.1 billion to acquire BBAG, a family-owned company based in Linz, Austria. Because of BBAG's extensive presence in Central Europe, Heineken has become the biggest beer maker in seven countries across Eastern Europe. The acquisition of Scottish & Newcastle in 2008 similarly reinforced the firm's dominance across countries in Western Europe.

Heineken has also tended to focus on specific geographic areas at any given time. It has been acquiring breweries across Africa in order to build a formidable position in this part of the world. Prior to this, the firm had also made an aggressive push into Russia with the acquisitions of mid-sized brewing companies. Through several acquisitions since 2002, Russia has become one of Heineken's largest markets by volume.[6] Heineken now ranks as the third-largest brewer in Russia, behind Sweden's Baltric Beverages Holding and InBev.

Rene Hooft Graafland, the company's Chief Financial Officer, has stated that Heineken will continue to participate in the consolidation of the $460 billion global retail beer industry, by targeting many different markets around the world. During the last decade, the firm has also added several labels to Heineken's shelf, pouncing on brewers in far-flung places like Belarus, Panama, Egypt, and Kazakhstan. In Egypt, Ruys bought a majority stake in Al Ahram Beverages Co. and has been using the Cairo-based brewer's fruit-flavored, nonalcoholic malts as an avenue into other Muslim countries.

Maintaining a Premium Position

For decades, Heineken has been able to rely upon the success of its flagship Heineken brand, which has enjoyed a leading position among premium beers in many markets