

Maxims to steer by

CHEONG Wing Kiat likes to use acronyms and maxims to describe the processes and systems he has devised over the years to steer the various businesses in which he has been involved.

They give his management and leadership philosophies tangible structure.

Wing Kiat has been at the coalface of managing a diverse third-generation Chinese family business – and has been involved in all the natural ‘crossroads’ that all such businesses encounter along the way.

“These are essential and natural, as a business evolves over generations,” he says.

“Each T-junction requires a different set of criteria by which a decision needs to be made. The secret is to forecast when a company will hit such a crossroad, and to plan your journey before you get to that point.”

As what he described as “business leader” of one of Singapore’s best known and successful Chinese family businesses, the Wen Ken Group, he plotted the path and needed to garner consensus among all family stakeholders to go along with his plans.

His success is reflected in the demand for his wisdom.

Today, Cheong Wing Kiat is a much sought after speaker on the subject of family businesses on the Asian university and conference circuit.

Describing himself as a “business family strategist”, he has presented and moderated at major seminars, workshops and conferences run by Rothschild’s, the Singapore Management University, the National University of Singapore and other organisations.

He is also retained by several business families as an advisor, helping them to identify opportunities for real growth, as well as to identify potential problems and to frame strategies to overcome them.

Unlike consultants, Wing Kiat doesn’t work on an hourly fee basis but, rather, on an annual retainer for which he makes himself available several hours a month to meet with directors and managements to review client organisations’ strategies.

“I don’t execute strategies. I help business families and their family businesses arrive at the most appropriate strategies and solutions and, if need be, train and prepare them to execute these strategies,” he says.

“To do that effectively, I spend time getting to know the people and the businesses – especially the people, because I work on the premise that a business is successful because of its people. . . the depth of their commitment, their visions, their enthusiasm and their adaptability,” among other things.

“Seldom is a business successful in spite of its people.”

Often, he says, because he is “one step away from actually running” the client business, he can see things owners, directors and managers do not, or cannot.

“I’m the extra eyes and ears a business needs.”

Why does he describe himself largely as an Asian-Chinese family business specialist?

“Primarily because of my direct experience as an Asian-Chinese family business person – and because it is important to make a distinction between the issues, problems and opportunities of Asian-Chinese family businesses and that of non-Asian Chinese family businesses,” he says.

For instance, understanding the cultural differences between the various regional Chinese dialect groups is important when considering the entry into the family business through, say “inter-marriage”, of a new family member in a business still dominated by one group.

“Chinese business history is littered with stories of once powerful family business empires disintegrating or imploding past the second or third generation for this very reason.

“Where I come in is to help the business put together strategies to make generational transitions easier and positive”

Strategies based, of course, on CWK acronyms – like ESCAPE, which in a nutshell means Education, Structure, Communication, Allocation, Parenting and Endurance.

“Education – and engagement in the education process - in managing conflicts, creating family harmony – and family business, including succession planning, re-wirement of senior family members’ roles, pruning family shareholdings, corporate governance. And of course, of protecting family wealth through structuring and the allocation of wealth,” he explains.

Making profits is one thing. Safeguarding family wealth and the value of assets derived from these profits is another.

“That’s why structuring is important – structuring of trusts, corporate and business entities, including shareholdings and board of directors,” says Wing Kiat.

The glue to keeping the family business and the business family intact and in harmony, he says, is communication.

“This about skills used in communicating with parents, senior relatives, siblings, cousins, spouses, children as well as senior management and business associates. It’s fundamental to the everyday life of the business.”

The ‘A’ for allocation is about the allocating of wealth – shares in family business, non-business and financial assets, tangible and intangible, and passion collectibles. How this is done cements the future of the family group.

And then there’s ‘P’ for parenting – nurturing family successors from the formative age.

“You’ll need to recognise their personalities, their characters and the life values – and to nurture them into positions within the group that suit these.

“Indeed, we would need to recognise how to capitalise on these personalities and characteristics,” says Wing Kiat.

And ‘E’?

“Endurance,” he says. “Empathy and the ability to endure others’ shortcomings and the often difficult task of handling disagreement and turning them into positives,” he says.

In today’s highly competitive world, it is easy to take one’s eye off the ball – and see hard work over generations blow up in a puff of smoke.

“The trick is to understand the past, appreciate the present, forecast the future and re-set the vision, mission and values to meet the challenges ahead.”