

Asian Family Offices Conference 2019  
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# Contemporary Thoughts For Asian Business Families

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Business Concept Pte Ltd

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Sheraton Towers Singapore Hotel, Singapore

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Slides: [www.bc.com.sg](http://www.bc.com.sg) / Activities

# Meaning of Business in Chinese

生

生

Shēng

Shoot emerges from ground

意

意

Yì

Voice from the Heart

# Business Family & Family Business



Grandfather had 4 wives



Founded in 1937 by 4 Friends



Wen Ken 永健

- Founded in 1937 by my grandfather & 3 friends, an extended multi-family business..
- Prior to joining Wen Ken, I was investment manager in VC/PE.
- First 3G leader 1995 – 2011, embedded family office activities at holding.
- Invested in properties & started Corporate Venture Capital (CVC) to invest in ventures that align with the group's strategic objectives.



**Business  
Concept**

creating value thru' people and ideas

- Founded in 1990, immediate Family Venture Capital (FVC).
- Investing in private equities, properties, artists & philanthropic ventures.
- 'Grafted' Wen Ken's DNA into portfolio companies MarinEx & GlucosCare in the 90s.
- Business Family Strategist & Speaker, and Manager-Investors.





## **CERTIFICATE**

**The largest goshenite weighs 1.3 kg (2.866 lb), owned by Wing Kiat Cheong (Singapore) and was measured in Singapore, on 13 March 2018.**

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*Goshenite,*  
mother of gemstones,  
the purest form in the  
beryl family,  
*represents truth &  
transparency.*

# Asian Business Families Governance

## Crossing the Chasm for Inter-Generational Change

(Research conducted by BFI@SMU between Dec 2014 and Apr 2015, with research grant from Deloitte)

- Responses from over 100 business families in Southeast Asia, Greater China & India.
- They are in early stages of family governance development & adoption, but are committed to building family & business sustainability.
- 71% showed a strong desire to establish decision-making bodies, but only 12% have a working governing body elected by the family.
- Families are adopting fairly flat informal decision-making structures in their businesses, allowing them to be flexible & agile to change, proactive in adopting innovative thinking and practices.
- One pressing concern they faced is that of succession & continuity. Their succession processes are neither regularly reviewed nor updated by the corporate board.

# After amassing \$22 trillion, Asia's rich face succession pains

Bloomberg News October 11, 2018

*This article is by Klaus Wille for Bloomberg News. It appeared first on the Bloomberg Terminal.*

<https://www.bloomberg.com/professional/blog/amassing-22-trillion-asias-rich-face-succession-pains/>

- Only 39% of Asia family offices have succession plan in place
- Discussing the death of elders can be taboo in some cultures

Having a grandfather with four wives can make for some complex succession issues, as Cheong Wing Kiat found when running his family's Singapore-based drug company a few years ago.

The patriarch and his three co-founders had more than 20 heirs with competing agendas. Buying out about half helped, but involved tough negotiations and family fights. Now, the number of shareholders is climbing again and Cheong, 59, worries for the next generation.

“Within the next 10 years, we will have to do another pruning,” he said. “But it will not be my task, and I am happy about that.”

# Asia's Heirs Hit Wealth Boot Camp Ahead of Record Inheritance

David Ramli, *November 3, 2019*

<https://www.bloomberg.com/amp/news/articles/2019-11-01/jungle-hikes-and-shark-tank-teach-asia-s-rich-heirs-to-stay-rich>

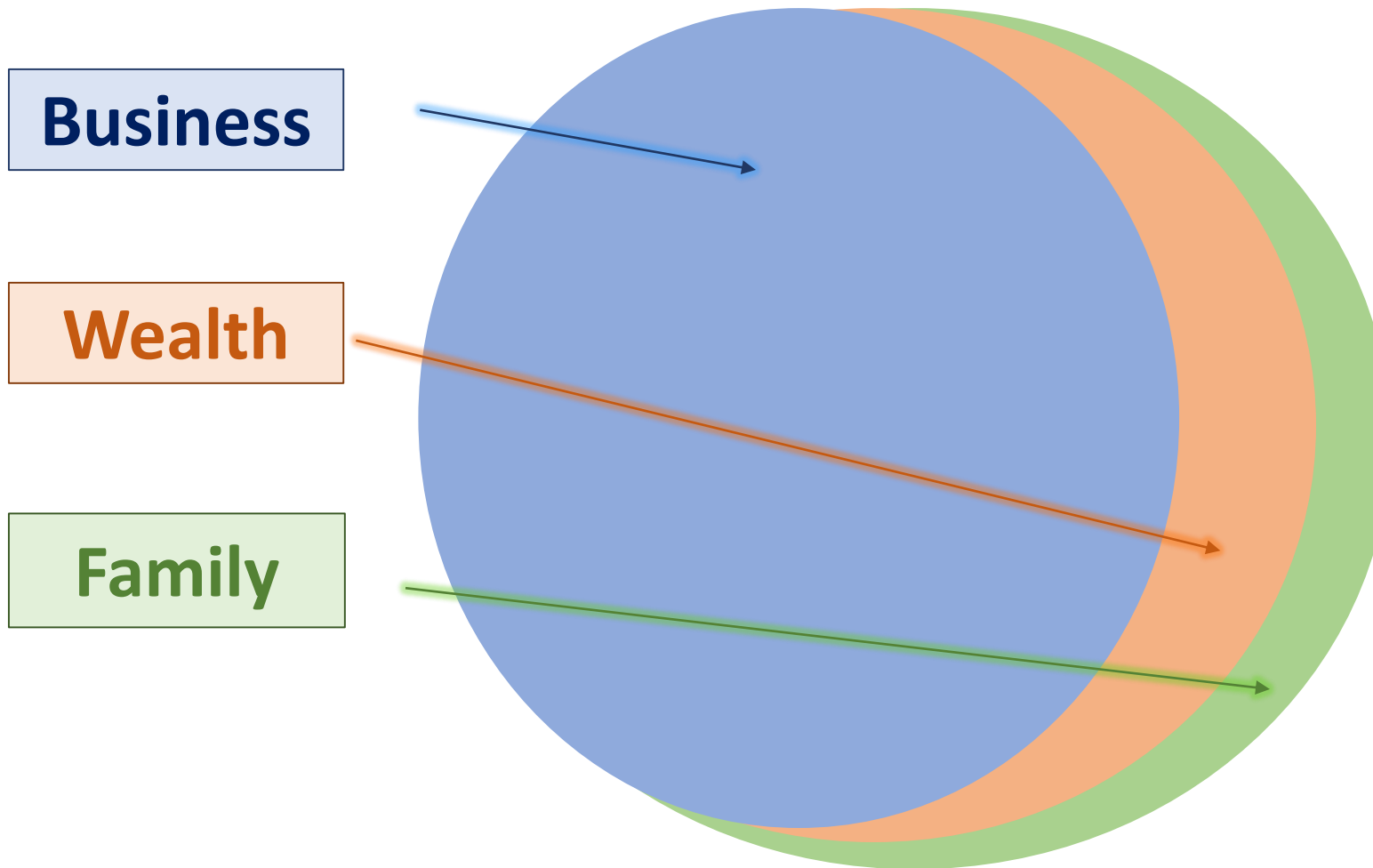
- Visits to factories and shipyards are out; crash-courses in start-ups and impact investing are in.
- New-age millennial heirs demand personalized programs, guidance, mentoring and interested in carving their own path and making a difference at the same time.
- Interested in topics from artificial intelligence to personal brands. There's been a move away from pure finance and investment into leadership, communications, culture, ESG, art, philanthropy and networking topics.
- Working at MFO, evaluating deals and writing industry reports to streamlining own family's finances, including culling private bank accounts started that were deemed to deliver poor returns.



# Contemporary Thoughts

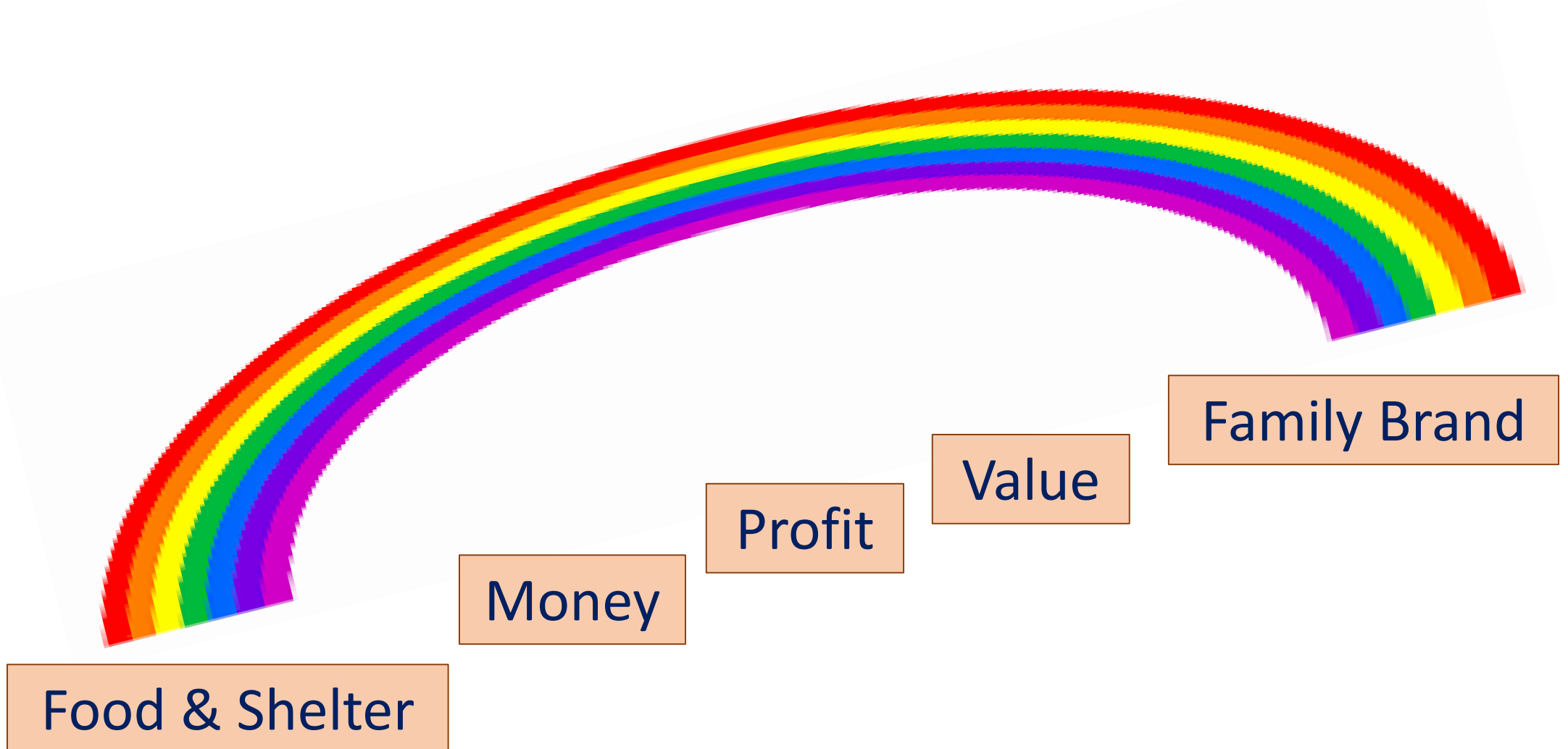
- Family Business, Family Office & Business Family
- *RATE* of Return to Business Families
- Governance, Succession & Structuring
- Family Business Model & Innovation
- Corporate, Personal & Family Branding

# Three Components in Asian Business Families



- Unwilling to sell their businesses due to family names.
- Increasingly sophisticated – seeking to invest into deals directly, either alone or with other families. Even exploring setting up funds to manage 3rd party capital.
- Facing more family issues.

# Evolution of Family Wealth



# Corporate Venture Capital (CVC) & Family Venture Capital (FVC)

- CVC is the investment of family business funds directly in external established and startup companies, to which it may also provide management and marketing expertise.
- Main objectives of CVC are to gain outside talent (i.e. entrepreneurs and managers), new products, new markets, new channels and new activities to compliment and grow its family business.
- CVC strives to achieve goals both strategically and financially.
- CVC does not have to adhere to a strict 'returns-only' strategy or have a fund life (i.e. can invest into start-ups for the longer term).
- FVC : Family provides “seed” money to family members who are in business for themselves or who are contemplating taking part in the dream of entrepreneurship.

# *Fuerdai* - China's second-generation rich kids

- The *fuerdai* is the exact opposite of their fathers - having received a foreign education, they are rebellious, disdainful of rules and want to do their own things.

<https://www.asiaone.com/asia/china-tycoons-kids-different-breed> (By Larry Teo, My Paper, 10 Jun 2015)

- They are completely intolerant of being challenged.
- They desperately want to make daddy proud.
- Parents of *fuerdai* are astonishingly tolerant of their children's behavior.
- Parents of *fuerdai* deeply want to pass their businesses to the *fuerdai*.

<http://www.crossbordermanagement.com/deep-thoughts/2015/11/23/fuerdai-paris-hilton-writ-large>

(By Cross Border Management, 23 Nov 2015)



# **RATE** of Return to Business Families



**R**eturn on Investment

**A**lignment of Objectives

**T**ime - Personal Involvement

**E**motion in the Investment

# Business Family - Box Matrix

|            | Family | Business | Wealth |
|------------|--------|----------|--------|
| Structure  |        |          |        |
| Successor  |        |          |        |
| Governance |        |          |        |

# *One Mountain Cannot Contain Two Tigers & Banyan Trees*

Dhirubhai Ambani  
Mukesh: Reliance Industries  
Anil: Reliance ADA Group

Ng Teng Fong  
Robert: Sino Group  
Philip: Far East Organisation

Li Ka-Shing  
Victor: CK Group  
Richard: Pacific Century Group

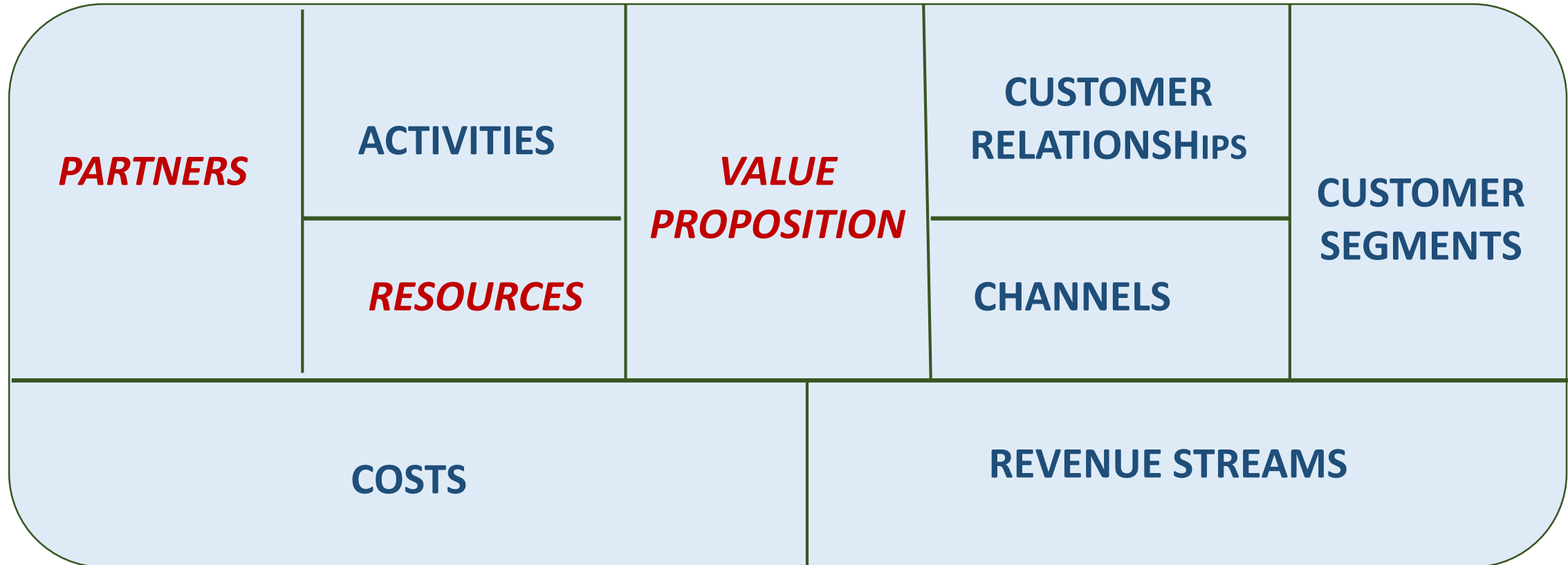


# Philosophy of an Ancient Coin in **Business Family**



Harmony of 内方 the inner rectitude in **Business** (uprightness & rightness) and 外圆 outer suavity in **Family** (people like & want to be around you).

# Business Model: creates, delivers and captures *value*



Why are ***Family Businesses*** slow in replacing outdated Business Models?



# FAMILY BUSINESS INNOVATION

Creating a viable Configuration & Brand \*

Innovation requires identifying the problems that matter and moving through them systematically to deliver elegant solutions

## **CONFIGURATAION** \*

- *Profit Model*
- *Network*
- *Structure*
- *Process*

## **OFFERING**

- Product Performance
- Product System

## **EXPERIENCE**

- Service
- Channel
- *Brand* \*
- Customer Engagement

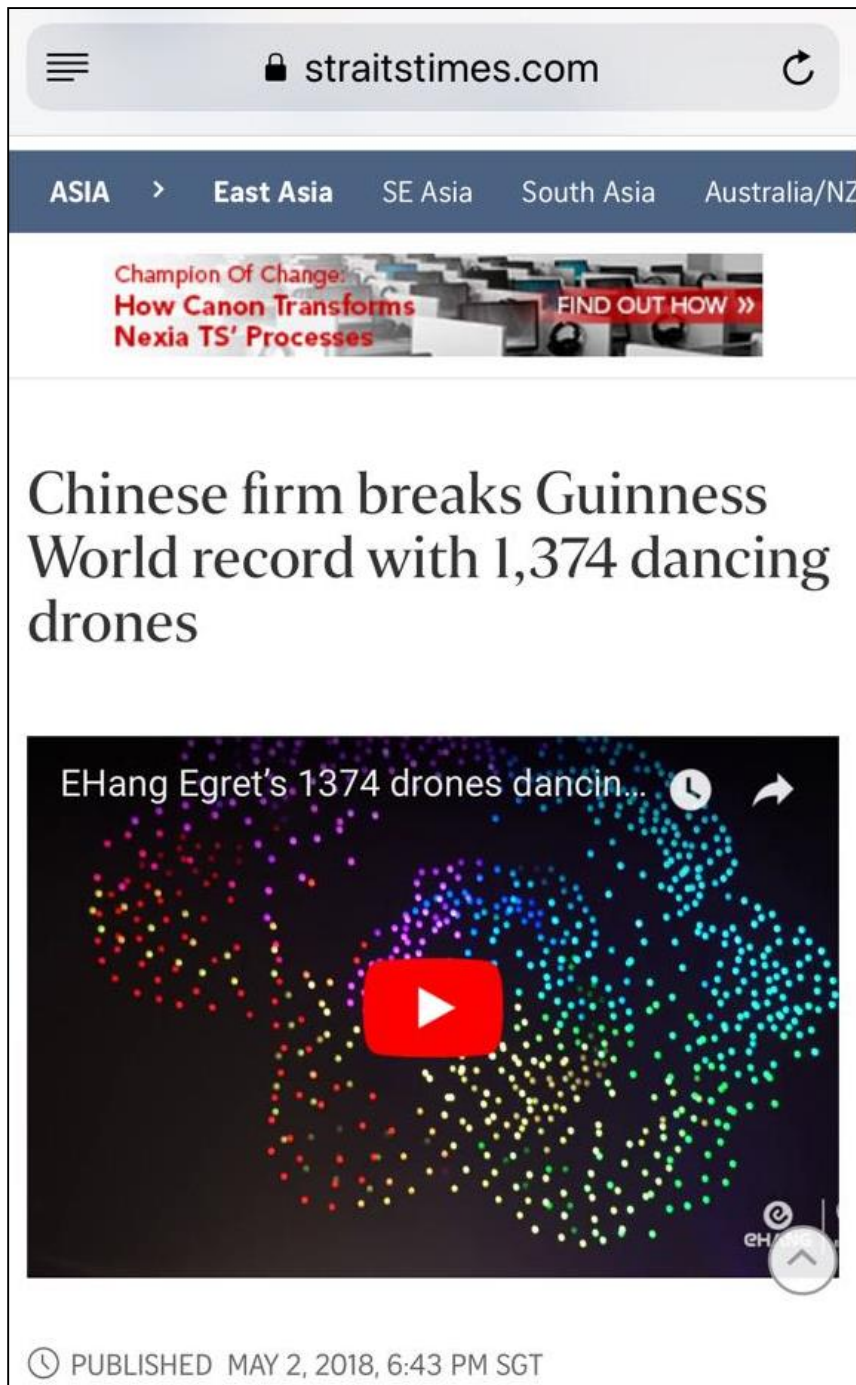
straitstimes.com

ASIA > East Asia SE Asia South Asia Australia/NZ

Champion Of Change:  
How Canon Transforms  
Nexia TS' Processes [FIND OUT HOW >>](#)

## Chinese firm breaks Guinness World record with 1,374 dancing drones

EHang Egret's 1374 drones dancin...



PUBLISHED MAY 2, 2018, 6:43 PM SGT

# Guinness World Record Expresses Supremacy Branding in China





**When a leopard dies, it leaves its skin;  
when a man dies, he leaves his name.**



# Corporate & Personal Branding

Apple - Steve Job

Amazon - Jeff Bezos

Softbank - Masayoshi Son

Djarum - Budi Hartono

Ehang - Huazhi Hu

Huawei - Ren Zhengfei

Tencent - Pony Ma

Microsoft - Bill Gates

Google - Larry Page

Reliance - Mukesh Ambani

Far East - Philip Ng

Country Garden - Yang Huiyan

Haidilao - Zhang Yong

Alibaba - Jack Ma

# Family Branding

John D. Rockefeller

Samuel Moore Walton

Oei Wie Gwan

Chen Jia Geng

Ng Teng Fong

Mayer Amschel Rothschild

Dhirubhai Ambani

Lee Byung-Chul

Li Guang Qian

Li Ka-Shing

Reference: [www.bc.com.sg](http://www.bc.com.sg) / Activities

1. Do you want to be number 1 in the world? The strategies of a successful business family, published on: 19 March 2019, HNWl Pte Ltd (Hong Kong/Singapore)
2. The Wisdom of Family Brand Heritage 家族品牌传承的智慧, Published on: 14 July 2018, 喜马拉雅FM (Ximalaya FM), China