

**One Asia Wealth Camp 2016:  
The Next Generation – Securing Your Future**

*Organiser: One Asia Investment Partners*

**Metamorphosis:  
Family Business to Family Office**

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# 5W1H in FB to FO



- What
- Why
- Who
- When
- Where
- How

# Objectives of FO

To effectively & efficiently  
create and preserve wealth, &  
enhance family harmony  
across generations



Family harmony brings prosperity to everything

家和万事兴 (Jiā Hé Wàn Shì Xīng)

龠禾

Hé

*An ancient Chinese  
musical instrument*

禾

Hé

*Grain*

和

Hé

*Balance & Order  
Respect & Appreciation  
Coexistence & Cooperation*



## Functions of FO

Manages administration, accounting, taxes,  
trust & foundation, legal matters,  
investment & philanthropic activities, etc.

Provides family services:  
recreation & assembly arrangements,  
education & career, succession & retirement planning,  
health & medical, governance, etc.

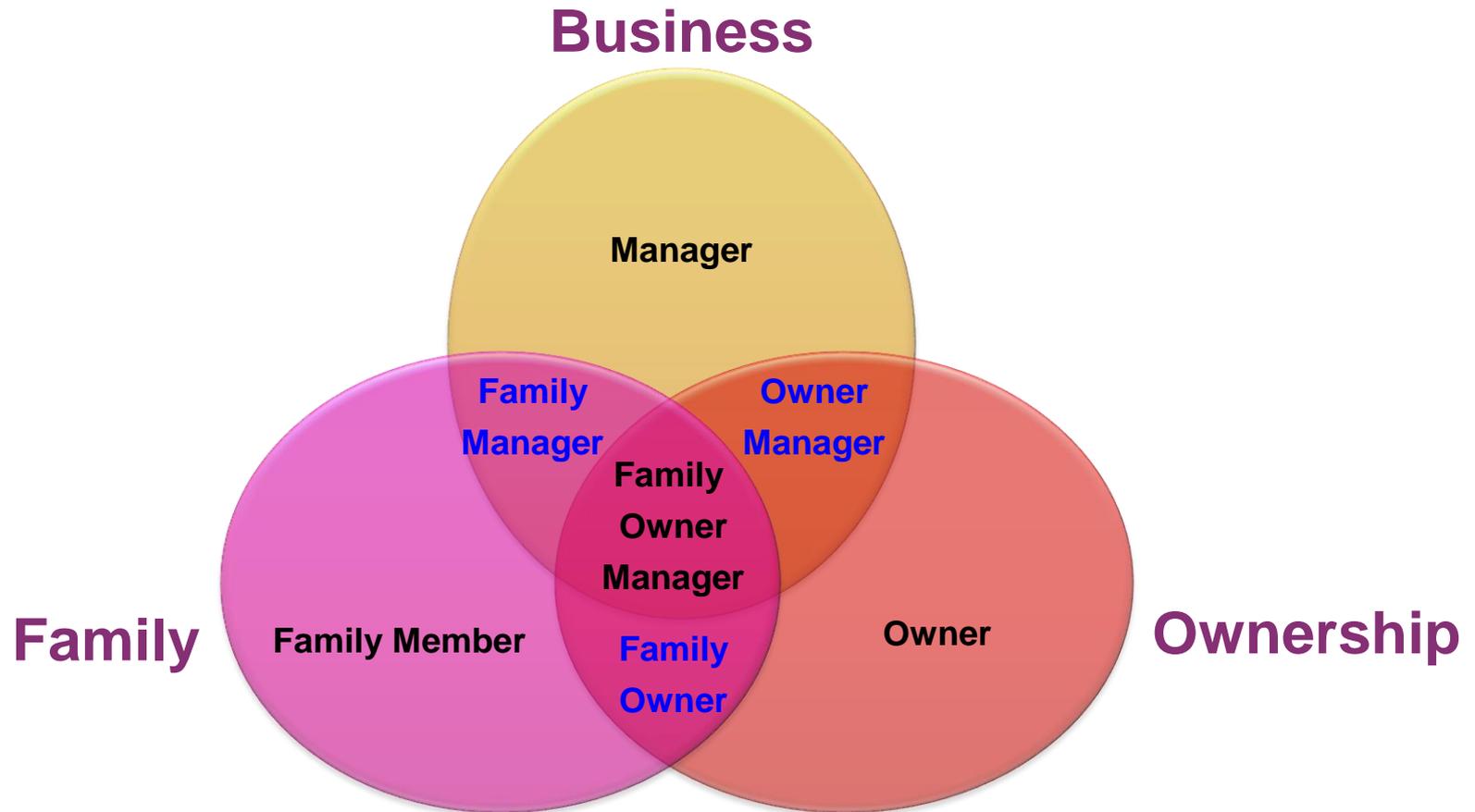


## Types of FO

- Single Family Office (SFO)
- Multi-Family Office (MFO)
- Corporate Family Office (CFO)
- Virtual Family Office (VFO):

One or few family members co-ordinate the functions & outsource services to independent providers, under a well-defined GPS - Governance, Process & Structure.

# Three Circle Model



# Meaning of Family



Jiā

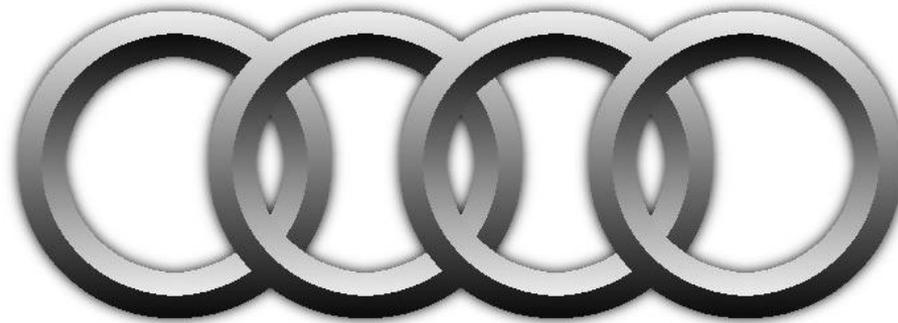
*A Roof over a Pig*

# Family Structures

- Nuclear
- Extended
- Single Parent
- Transnational
- Multi-racial
- Blended
- Adoptive
- Co-custody
- Gay or Lesbian



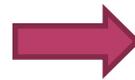
# Evolution of Business Family



Family  
Business



Business  
Family



Investing  
Family



Philanthropic  
Family

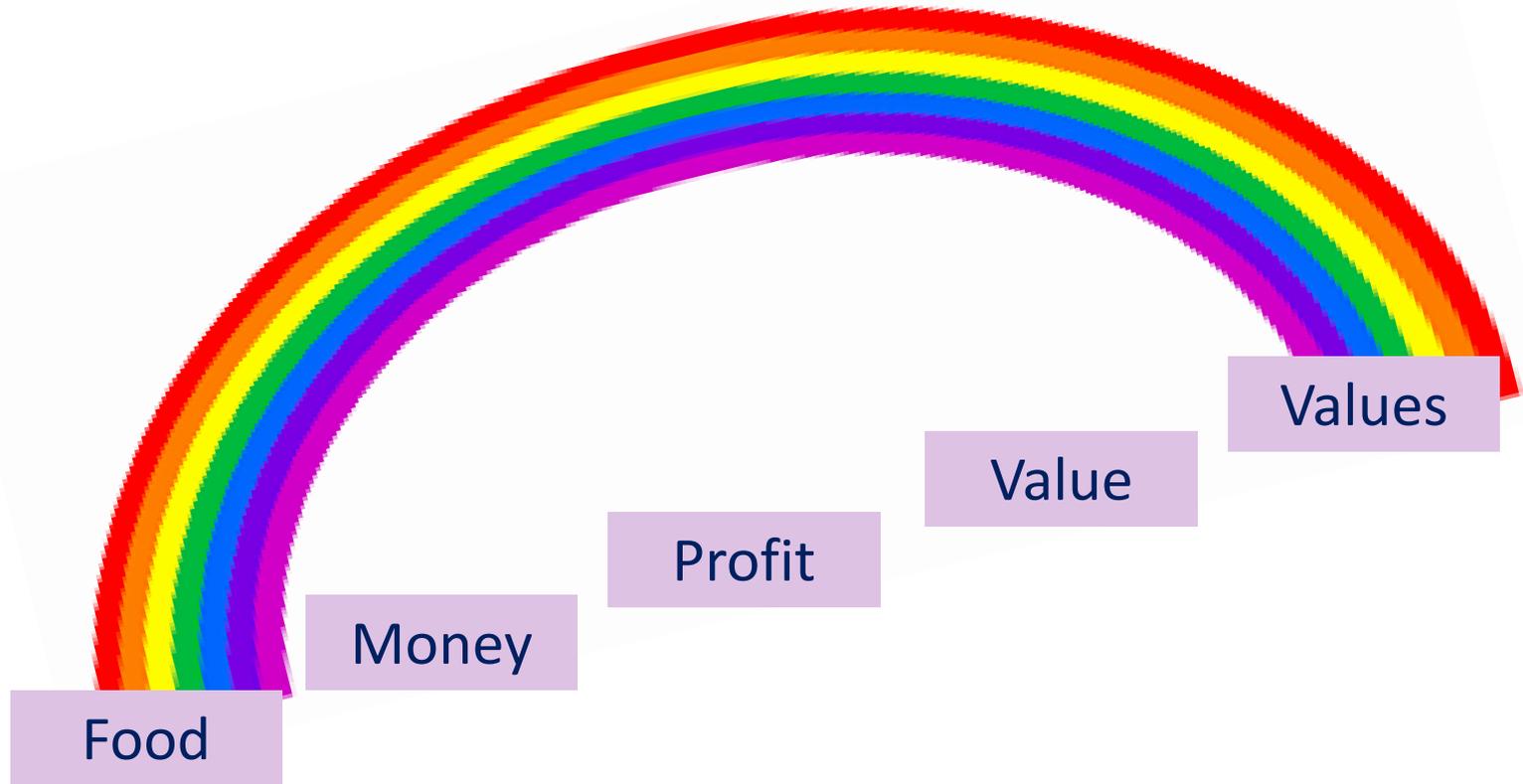
# Meaning of Wealth



Fù

*A Roof over a Wine Jar*

# Evolution of Family Wealth



**From basic needs  
on food & shelter**

**To pursuing passions,  
values & rainbows**

# Meaning of Business

The seal script for the Chinese character 生 (shēng) depicts a plant with three leaves sprouting from a central stem that grows out of a horizontal base representing the ground.

生

Shēng

*Shoot emerges from ground*

The seal script for the Chinese character 意 (yì) shows a heart (心) at the bottom, with a vertical line extending upwards through several horizontal bars, representing a voice or sound (音) coming from the heart.

意

Yì

*Voice from the Heart*



# Business Eras

- Agricultural (Before 1800's)
- Industrial Revolution (1800's)
- Industrial Entrepreneurs (1800's)
- Production (1860's – 1920's)
- Sales (1920's – 1940's)
- Marketing (1940's – 1990's)
- Relationship Marketing (1990's – 2010)
- Social/Mobile Marketing (2010 – Present)

# Crossing Generation – Business

New business model deviates from old business model – not only changing the rules of the game but the entire game itself, extending from adding value to creating value, tangibles to intangibles.



- Founded in March 2009
- Taps on the big-data with a smartphone app and created a unified marketplace that connects individual drivers with commuters.
- Transforms the taxi market for more than 200 cities around the world , without owning a single car.



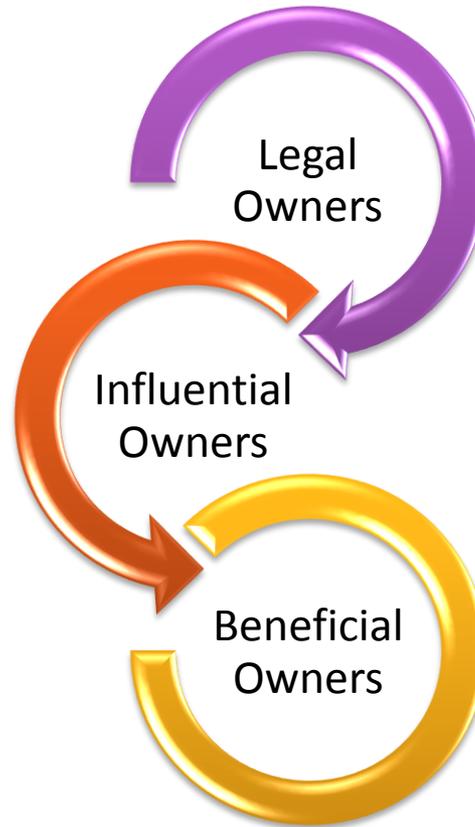
- Since its inception in Aug 2008
- An e-platform for people to lease out temporary accommodation to travellers
- With over 1,000,000 listings in 34,000 cities and 190 countries.

# AI Robotic & 3D Printing Causing Radical In-sourcing



- In 1987, Adidas factories were to close in Germany & move to China.
- In 2016, bringing some shoe production back to a highly automated factory in Germany.
- Saving transport & storage costs, less polluting, no worries that products were made in sweatshops, more nimble & responsive to demand.
- Moving closer to future that shoes could be made on demand by a robot in a shop.

# Ownership



# Cross Generation – Ownership

## **Control and Ownership at early stage:**

### **Retaining control during growth stage:**

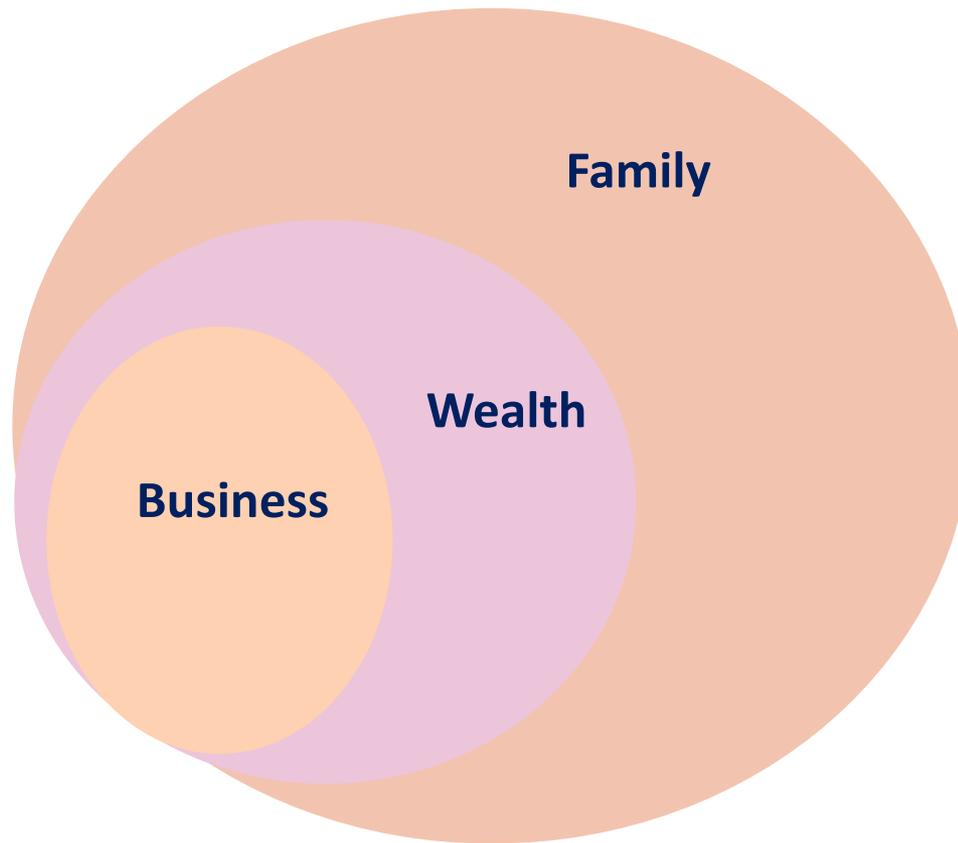
- Pyramidal structure (via Family Investment Holding)
- Dual-class shares (superior voting shares & limited shares) \*\*
- Cross ownership
- Voting Caps
- Golden shares
- Staggered (or Classified) boards

### **Family grows with generations and new members:**

- Family Council
- Family Trust
- Shareholder Tree Pruning

\*\* *Facebook, Google, Groupon and Alibaba*

# Successors



# Attributes of an OLIVE Successor

- **O**pen-Minded
- **L**earned
- **I**ndependent
- **V**igilant
- **E**nergetic



## Case Study – Background



- ✓ Family Business was founded by F1 & C1 in 1937.
- ✓ Faced cash flow problems: invited F2 to invest as a silent partner
- ✓ Needed sales expertise: invited C2 to join as the 4<sup>th</sup> partner
- ✓ F1, C1 & F2 were Fujian *Hakka*; C2 was Guangdong *Hakka*
- ✓ *Prior to 1995: manufacturing, sales & licensing of Western OTCs & TCM*
- ✓ Shares are held by G2 & G3, and the group is helmed by three G3
- ✓ Shareholders' disparity in age, education, wealth, values, etc.
- ✓ Shareholder Tree Pruning during 2005-8

# Case Study – 5W1H

- ✓ 3G from C2's family joined FB in 1995.
- ✓ Stepped down as FB leader in 2011.
- ✓ Remains as ED & EXCO member in FB.
- ✓ Auditing, Accounting & Treasury, International Marketing, VC Investing, Angel Investing, Family Business, Business Family
- ✓ Originally wanted to list Indonesia's JV/Licensee, followed by Singapore's holding company.
- ✓ Activities taken in transforming holding company into CFO :
  - Corporatisation
  - Internationalisation
  - Property investment
  - Angel investment
- ✓ Activities in Business Concept ([www.bc.com.sg](http://www.bc.com.sg)):
  - Investment holding
  - Business Family & VFO advisory



# Banyan Tree

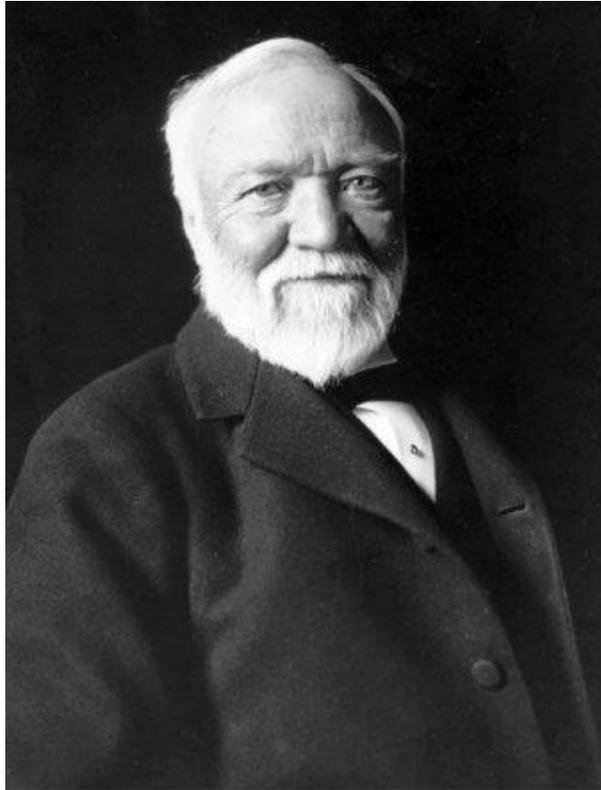


**A Banyan grows by spreading out its crown, and when it is sufficiently established would lower down little experimental roots to touch and explore the ground beneath. Once these roots find fertile soil, they would dig deeper, and transform into new trunks, whilst the rest of the tree continues growing and exploring, seeking for newer niches to establish itself in.**

**So the tree is able to support itself even if one or two trunks fail. In effect, no trunk gets left out, for all is part of the tree, but the tree would never die being without any one of its trunks either. It would live still on, even with the passing of one trunk, for it still sustains and is sustained by many more...**

***(By Bryan Cheong)***

# Andrew Carnegie



*“ The parent who leaves his son enormous wealth generally deadens the talents and energies of the son, and tempts him to lead a less useful and less worthy life than he otherwise would.”*

# FEW Trust

Family

Education

Welfare



*“Love all, trust a few, do wrong to none”*

William Shakespeare