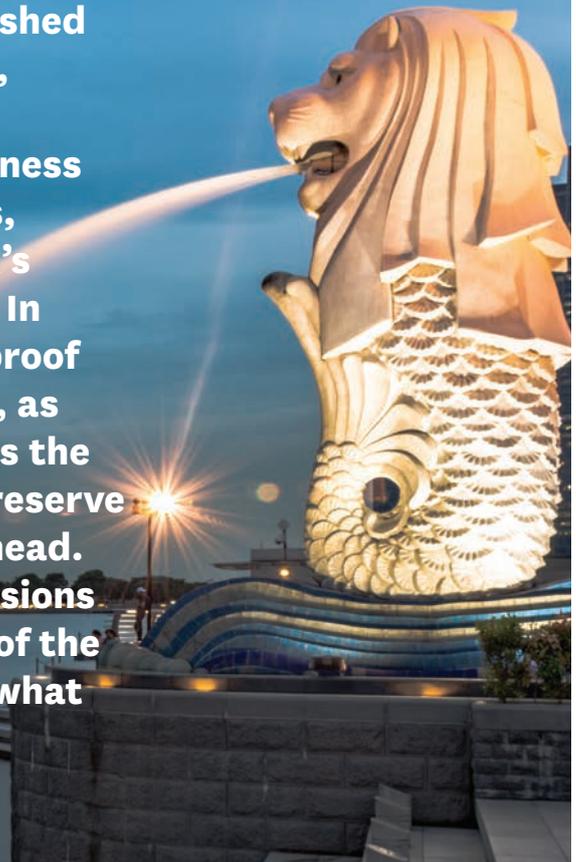


Lombard Odier's Lee Wong on Future-Proofing the Private Banking Model in Asia

Lombard Odier's Lee Wong is the Head of Family Services for Asia at long-established boutique Swiss and increasingly global, private bank Lombard Odier. Her key mission is to help future-proof the business ownership and management structures, and also the private wealth of the bank's HNW and ultra-wealthy clients in Asia. In doing so, she is also helping to future-proof Lombard Odier's business in the region, as the bank extends its connections across the generations and helps those families preserve and build for the years, and decades ahead. In this, the second of two recent discussions with Hubbis, Lee looks under the hood of the concepts behind her role and explains what the bank is doing to achieve its goals.



THE FUTURE GENERATIONS ARE A KEY PRIORITY FOR THE BANK, for example designing next-generation workshops and programmes to bridge the gap between current and prospective clients, the future holders of Asia's vast and rapidly expanding private wealth. "This is also driven in part by the aspirations of the existing clients, who often want to coach their next generation to hold the torch of their family businesses and sustain their family legacies," Lee reports.

Nurture, or risk losing traction

She explains that the bank found in research on technological disruptions relating to Asian family business succession that roughly 36% of the next generation wants to join the family business and some 47% wants to start their own ventures. "For families that do not nurture the next generation to find their own voices they have a tendency to lose the next generation, who go off and do their own things."

Family businesses need to be continually redefined, refined and open to new ventures, new directions, as well. And the younger generations coming through must be nurtured and empowered to help make this happen. Accordingly, Lombard Odier considers it vital to partake in educational processes around workshops to help them find the voice and the vision to help shape their family businesses organically.

Bridging the generations

"We try to show them we are as supportive of them as we are of their parents," Lee reports, "and always try to bridge the gaps,

Key Priorities

After just over 19 months in her role, Lee has made considerable progress in consolidating her vision and her team's initiatives, with the primary focus in the foreseeable future on rolling out the educational segment for next-generation clients of the bank.

"As I mentioned earlier," she reports, "our mission is bound together by the overriding drive towards alignment within the families and between generations and between us as private bankers and the family clients of today and tomorrow."

She reports that with this overarching goal in mind, the bank has prepared the June and October events in order to help focus more on the education story for the next generation, as well as on the family office segment. "Both," she says, "will help ensure that people are building their wealth management and family infrastructures in ways that make sense for them, that actually work."

She adds that clients should not rush into structures without fully understanding them. "For example," she notes, "I have seen families who have set up their own private trust companies and they have no idea how a discretionary trust differs from a purpose trust and some do not understand how the trust relates to the fund structures held by it. These are all areas for which we must promote greater understanding."

to help open the doors to their creativity within the family business context, to facilitate robust conversations so that views and visions of the future are aligned. In doing this, we as private bankers are in a much stronger position to play in the game when these future generations come into control."

Lee is entirely committed to this approach, trusting that by showing the next generation a belief in their world they want to help create and build as a private banker the firm will have far greater relevance. "We must embrace the worlds of the next generations," she states.

Discipline and responsibility

Lee moves the discussion on to the broader family approach to wealth. "There must be a certain discipline and agreed philosophy on the purpose of wealth within the family, so for example with trust structures generally speaking clients tend to stagger distributions because they want to ensure that the right amount of money is reaching the next generations at the right time and at the right level of maturity."

She adds that responsibility and value systems need to be nurtured. "The younger generations might inherit huge wealth," she notes, "and



LEE WONG
Lombard Odier

even if they do not want to manage the family business, the wealth can free them up to also contribute to the world in many other ways than purely making more money. For example, they can use their contacts and connections to inspire, create, contribute in many ways.”

Seeking balance

Lee returns to the concept of the control of family businesses gradually passing hands. She remarks that it is difficult to achieve the right balance between their vision of transformation and the speed at which this should happen and maintaining family peace and harmony.

“But there are solutions,” she reports, “for example, we see families who build incubator companies that fund new businesses, so we do not need to push these younger generations away, we can create space and capacity to build and see where those ventures lead, connected to the family business empires.”

On track for a win-win scenario

Wong adds further insights into the world she inhabits, remarking that she believes the next generation is a key stakeholder

Getting Personal

Lee Wong was born and educated in Singapore. “I am what you might call a ‘true blue’ creature of Singapore,” she says. After university, Lee trained as a lawyer and first practised with law firm Allen and Gledhill in Singapore before switching to Drew and Napier, after which she moved into private banking, also in Singapore. It has been a journey of more than 20 years in the financial industry. Lee has seen and lived through its transformation to the more knowledge-based advisory-led focus of today.

Lombard Odier suits Lee well, she says, as the bank takes a long-term view in relation to servicing its HNWI clients. “The bank stresses the need to view a client’s needs holistically in what they call a ‘pure advisory approach’,” she explains. “This allows us to have fascinating and deep relationships with clients across many diverse areas such as investment planning, wealth transfer or philanthropy. It is an absorbing and highly rewarding role on many levels.”

Lee’s hobby is sketching, a pastime she pursues at any occasion. “I sketch people and places,” she says, “it is a great passion of mine, especially sketching my son. Other than that, I enjoy quiet meandering around new and favourite places, for example, a recent trip to Bangkok with my son. Having quality moments with him, sharing my views of the world and listening to his was invaluable - and I enjoy an eclectic range of music from Queen to Tchaikovsky.”

for sustainability, for the family legacy. “If you want relationships to be built in the long term, it is in the interest of the family as well as us as a private bank that they are on the right track. We are therefore very much aligned with the clients of all generations, as we all want sustainability and stability.”

She recognises that it is common to find in families significant misalignment between the current generation and the next. “Many clients simply feel that their children should be delighted that they have got this business they have created and is doing well for them

and that they should later take it over. But we must also recognise from experience that many of the younger generations either do not have the interest in doing so or the capability or inclination, at least not as the business is currently.”

She adds that while the older generations are more emotionally connected to the family businesses, and they often do not want to see things change that much and want things to continue within the family, there are other perspectives in other generations. And the reality is that this type of dichotomy cannot always be resolved.

Asia dances to an age-old song

Lee remarks that these types of issues are not peculiar to Asia, or even more acute in the region. However, Asia is at a stage of development when families still control most of the region's businesses, while in Europe and the US many of today's major corporations have made the transition to institutionally owned, professionally managed companies.

She also notes that a transition in that direction can sometimes be achieved while retaining the

the business in style and in the minds of the employees.

"It is also possible to professionalise and distribute while also retaining some of the original culture," she adds. "By building family foundations, for example, and by putting in place certain philanthropic or other missions for the future, the founders can in their way achieve greater longevity, achieve an enduring legacy."

The whole question of professionalising management and the future ownership of the businesses -whether family or more institu-

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'feeling' of being a family enterprise. She cites the example of Shiseido, where the family are a small minority today, but where the family culture still pervades

tional, or both - is a vital one to consider, especially concerning the capabilities within future generations of taking up the reins of those businesses, or not.

Opening the door to facilitation

"Being a part of this type of discussion, being a facilitators for concepts and decisions," Lee comments, "helps us as private bankers earn a greater sustainability for the banking relationship with them for the future, because their needs are going to evolve and their demands on us as a financial institution must be met. We must, therefore, try to understand how these families work, maintain our dialogue with them and stay as relevant as possible."

Lee has been in her role for less than two years, but the bank has already made considerable progress, she reports, by showcasing its capabilities in the transformation space.

The transformers

"By transformation, we mean the re-shaping and redesigning of the family assets and the family businesses to be more relevant for the future. We have great experience in this from Europe, with excellent view and capabilities surrounding governance. The bank is totally empathetic with these



families as we ourselves are now in the seventh family generation of ownership. We have our own charter, our own protocol and deep experience of the issues around the transitions from generations to generations. This is why we are so valuable to families as they go through their challenges in these areas, bringing our long experience of Europe to the Asian markets.”

Lee provides further insights into the bank’s capabilities. “We work very closely with our clients and also with partners to help clients in dealing with what we can call the ‘softer side’ of things for their families in addition to the structuring aspects of it, so for example governance. And our educational and content segments is helping build our clients of the future and build our relationships with them, it is an organic process.”

She notes that, for example, the bank has an event in June that will focus on and facilitate another next-generation community discussion. And a similar forum

will follow in October, again for the next generation and the family office segments.

“Since I have joined,” she concludes, “we have had considerable success in bringing people together, helping the families on their transitions, encouraging better dialogue, and all this helps them build appropriately. They are less prone to rushing into structures without understanding how they can facilitate the implementation story. They are more likely to view and manage the transition process on a stage-by-stage basis, instead of rushing in unprepared. In short, we are achieving a broader and better dialogue with families and then helping them on their journeys, in a systematic and robust manner.”

Structure, then engage

Moreover, Lee notes that the clients also need to understand how to handle the structures once they are created. “Things might look really nice on paper, but the families

often do not prepare adequately for future events, for example when the founder-patriarch or matriarch passes away, how should the board positions of the private trust companies be succeeded and so forth. Families need to have dialogue and common philosophies if future generations are going to work well together, including as trustees. But all too often, there is stony silence when these issues are raised.”

Lee expands on this, by remarking that in the family office situation there must also be commonality of approach and transparency. “For example,” she comments, “the family needs to have a similar philosophy on asset allocation and risk appetite, the approach to technology, financial consolidation and reporting, they should have a clearly defined policy on leverage. In short, she reports, they need to be coordinated so they can embark on these journeys properly together. That is my aspiration for the year ahead of us.” ■

