

Two-thirds of Asian business families want professional managers

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About two-thirds of business families in Singapore and in Asia are banking on attracting and developing talent to ensure the long-term sustainability of their businesses.

A report by United Overseas Bank (UOB) and the Business Families Institute of the Singapore Management University (BFI@SMU) says that Asian business families recognise the importance of bringing in external professional managers in areas such as financial management, regional expansion and human resourcing, in order to establish a more professional talent-development structure.

But ultimately, the majority of business families still prefer to keep the ownership and management of the business within the family – this was true for 86 per cent of Singapore business families and 82 per cent of other South-east Asian business families. About half the respondents in the survey already have a succession plan in place or have started to groom potential successors.

The report, titled “Riding on Asia’s economic transformation: Growth strategies of Asian business families”, was based on a survey of 192 respondents from seven Asian countries, including Singapore. The survey was carried out by BFI@SMU between last November and July this year.

Asian business families believe that offering an attractive remuneration package can attract professional managers, but so does the promise of being able to function autonomously.

In Singapore, autonomy was cited by 92 per cent of the respondents as one of the best ways to attract and keep professional talent; trust was named by 96 per cent of the respondents.

Eric Tham, managing director and head of commercial banking at UOB, said: “Many Asian business families are in various stages of preparing for the next generation to succeed them,

and they recognise the need to have professional help to ensure their business grows and remains competitive.”

Wealth management and wealth distribution is another area Asian business families need to work on to ensure that their business value and wealth is not lost as the reins are handed over to the next generation.

The survey found that eight per cent of the respondents believe they have sound wealth management knowledge; in Singapore, the figure was only four per cent.

As they scale up their businesses, business families in Asia need to enhance their knowledge of crucial areas such as asset allocation, wealth protection strategies, inter-generational wealth transfers, tax structures and succession planning.

The report also found that Singapore business families proved to be the most risk-averse among the respondents; fewer than three in 10 (29 per cent) polled used high-risk investments as an avenue for growth. The figure for respondents as a whole was higher, at 35 per cent.

Professor Annie Koh, SMU’s vice-president for business development and academic director of BFI@SMU, said: “Asian business families tend to favour stable returns over riskier growth and expansion options.

“Instead, they use innovation to improve product quality and drive cost reductions in order to achieve sustainable profits in the world’s most economically dynamic region.”

When it comes to growth, Asian business families are taking a long-term management approach. More than 80 per cent of respondents single out sustainability and continuity as a priority.

To drive future business growth, respondents from Singapore are leveraging on innovation through the introduction of the next generation of products (80 per cent), by improving the quality of their products (80 per cent) and by extending their product range (78 per cent).