



From left: Koh, Ho, Cheo, Amit and Nang

# SMU receives grant from Deloitte to further business family research

| BY CHAN CHAO PEH |

**D**r Ghazi Faisal Binzagr got a rude shock when he attended his first family board meeting and saw how his father and uncles had such deep disagreements and angry feelings towards one another. “I thought that was the end of us,” recalls Binzagr, the fourth generation of a family business that began as a trading company in the Arabian Peninsula in 1881.

What happened next was even more unexpected. Although the extended family argued, they still gathered around for a cordial meal, much to the surprise of Binzagr.

The episode showed him that despite the family members’ differences over the business, family ties remained resilient and were most important. “If you want to deal with conflict, don’t brush it aside,” says Binzagr, who heads the Wisaal Development Centre. His family owns Jeddah-based Binzagr Group, whose core business is the trading and distribution of consumer goods.

Obviously, differences and disagreements do not go away when the next generation takes over the family business. And such divisions can be exacerbated by the generation gap. However, the way Binzagr sees it, it is the responsibility of the current generation to “create a positive experience” for the next generation to take their place in the family business. “We become designers of experience, not lecturers of the past,” he notes.

Binzagr was one of the speakers at a panel discussion marking the second anniversary of Singapore Management University’s Business Families Institute, or BFI@SMU. The occasion was made even more special with the announcement of an additional research grant from Deloitte Southeast Asia. BFI, headed by Associate Professor Annie Koh, plans to use

the grant to fund a Business Family Research Programme over the coming three years to look at specific areas such as family governance strategies, platforms and structures. The quantum of the grant was not revealed.

“Business families have been a core practice area for Deloitte and make up the majority of our clients,” says Tam Chee Chong, regional managing partner of financial advisory services at Deloitte Southeast Asia. “We believe right values and strong governance, together with effective succession planning, will enable business families to preserve their wealth so that a legacy that is lasting, impactful and inspirational can be passed on to future generations. Our partnership with BFI is one small step towards this objective.”

The study of family businesses in Asia has been attracting growing interest from academia, professional services firms and the wealth management industry. Indeed, some 70% of the businesses in this region are family-owned and many of them can benefit from more professional advice.

## Learning the ropes

While the first generation of family business leaders have established and built up the company through their blood, sweat and tears, the second generation must grow the company and not just maintain it. And as they gradually assume more responsibilities, they bring with them their own set of aspirations and concerns.

Quite a few next-generation leaders got an early introduction to the family business, according to the interesting personal experiences shared by the panellists. For example, KBZ Group’s Nang Lam Kham, eldest daughter of Myanmar tycoon Aung Ko Win, recalled how she was made to stand at the bank branches owned by her father to greet customers walk-

ing in. Nang, who was also one of the panellists at the SMU event, was later allowed to help with writing official letters and updating the bank’s ledgers.

As her father’s mining and banking businesses diversified, Nang, who graduated from the National University of Singapore in 2011, was given more responsibilities, specifically, in retail banking and the relatively new airline business. KBZ Group owns both Myanmar Airways International and Air Kanbawza. To give her more credibility in what she candidly calls a “gender-biased” industry, Nang even obtained a diploma in aviation management from the International Air Transport Association.

Ho Ren Hua, eldest son of **Banyan Tree Holdings’** executive chairman Ho Kwon Ping, also started from a lowly position. As a 13-year-old, he worked as a pool boy at the company’s resorts. He made sure he received relevant working experience — as a consultant with Bain and Co — before joining Banyan Tree, where he is in charge of its businesses in China.

Although Michelle Cheo, CEO of edible oil refiner **Mewah International**, had been told by her father and chairman, Dr Cheo Tong Choon, that her future was in the family business since she was as young as 11 years old, Cheo still had to earn her stripes and report to a group of professional managers when she first joined the company. “I cannot count on my father to back me up for every meeting. Ultimately, you can only win your arguments if you are logical,” says Cheo.

## Complementary styles

According to Amit Lohia, next-generation members who want to run the family business must learn to be genuinely humble, as experienced professional managers can easily see

through their pretense. “You can’t coerce decisions, you can’t boss them around, but manage them with merit,” says Lohia, managing director of **Indorama Corp**, whose core business is polyester manufacturing. Amit had to speed up his university studies in the US to return home and help his father after getting a call from his mother that the company was facing some difficulties.

After spending a number of years in the family business, Amit believes he is able to complement his father, who he calls a person of “raw entrepreneurial energy” as he himself is more systematic and methodical. “I’m spreadsheets, he’s gut feeling; but [we arrive at the same answer]. I’ve learnt a lot from him. He has found in me a CEO whom he can trust and who has no agenda,” he says.

## ‘No short cuts’

With the mantle passing on to the next generation eventually, the bigger concern is not the different working styles, but rather, how to sustain the family business. For Banyan’s Ho, there are no short cuts. He says it is important to spend time and effort to understand the nuts and bolts of the business and capture the essence and spirit of the family business. Functions such as finance, strategy or marketing and sales can always be outsourced, but for the next generation, what is crucial is grasping the heart and soul of the business.

As for Mewah’s Cheo, the “secret ingredient” is very clear: There must be people in the business who care about the business. “The business will not grow if everyone gets too comfortable about it. It is like a flower; it needs constant nurturing. I do think that there’s a responsibility, where you have to decide whether you want to care about the business and make it sustainable.”