

## BECOMING A SUCCESSFUL FAMILY OFFICE ADVISOR – AN INSIDER VIEW

**Family Office Professionals and Advisors put forward their views on the fast-booming family office sector in Singapore and shared their experiences gained through their careers.**



Recent studies suggest an imminent intergenerational transfer of wealth. A 2019 report published by GlobalData estimates that US\$2.4 trillion of High Net Worth (HNW) wealth will be transferred from the older generations to the newer over this current decade.<sup>1</sup> Singapore has taken a proactive approach to position itself as a family office hub. As of end-2020, there are approximately 400 Single Family Offices (SFOs) operating locally according to the Monetary Authority of Singapore (MAS).<sup>2</sup>

With the growth in family offices, there has been great interest in careers in family office advisory, as well as a strong need to build up our talent base. As part of the launch of WMI's Thought Leadership series under the GFO Circle, WMI asked veteran family office advisors 'what they wished they had known' when they started out - and we also asked senior family office professionals (working directly in an SFO) what they wished their advisors had known.

Below, we highlight some top qualities of successful advisors to help those looking to build a long and fulfilling career in this sector. More importantly, we hope that this can be a start of future conversations across the GFO Circle, and to encourage greater sharing of ideas and expertise within the community.

<sup>1</sup> Intergenerational Wealth Transfer: Seizing the HNW Opportunity, August 2019, globaldata.com

<sup>2</sup> Written reply to Parliamentary Question on family offices, 5 April 2021, Ministry of Trade and Industry, Singapore

## KEY TAKEAWAYS

### **Hard skills build credibility – and advisors need to continually broaden their expertise base**

'Hard skills' in terms of deep subject-matter expertise are fundamental to building trust in the advisor's competency. This is especially true at the beginning of the relationship when the advisor needs to 'prove' their value.

However, subject-matter expertise alone is not enough and both advisors and professionals highlighted the need for a broad knowledge base across financial, legal, tax and other topics, including philanthropy. In contrast to larger institutional clients, family offices may like to ask advisors to provide views on a wider range of topics. Advisors should seek to build up basic knowledge across diverse topics and cultivate their own trusted network of other professionals to tap on for specialist advice.

### **Empathy and a long-term view set you apart and help build enduring relationships**

Both advisors and professionals emphasise that empathy is a key characteristic for successful family office advisors. This involves putting themselves into their clients' shoes, and emotionally and psychologically setting themselves up to help clients address concerns. Over time, these could involve understanding the family principal's deeper concerns, including topics such as next-gen transition.

When dealing with family offices, a long-term view is critical. Family office professionals emphasised that the best advisors are those who play the 'long game' and focus on what the underlying problem is, rather than focus on pushing a particular product.

Meanwhile, professionals also commented that successful advisors often understood how to establish effective communications with family offices. They tended to talk less but listen more by focusing on the underlying problems that family offices are trying to solve.

### **Managing family dynamics are important, but prioritise strong working relationships with the Family Office Professionals**

Advisors need to establish a relationship with family principals, but the most successful advisors tend to develop strong working relationships with the family office so that they can work seamlessly to ensure the principal achieves the best result.

The primary goal of family office professionals is to ensure the principal and the family get the best of everything – the best service, experience, price, and the best asset performance. Hence, family office professionals are motivated to help advisors put their "best" foot forward. Advisors just need to ask.

## Singapore well-placed to grow the family office industry

Both groups acknowledged that Singapore has positioned itself well as the Asian hub for setting up family offices. They also believe that with the launch of the Global-Asia Family Office Circle, there is an opportunity to develop a community network that promotes greater awareness about family offices, that builds up a strong talent pipeline, and that encourages skills development to uplift the standards in the industry.

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The candid individual conversations with several leading family office professionals and family office advisors are detailed below.

## CONVERSATIONS WITH FAMILY OFFICE PROFESSIONALS

*WMI spoke with two leading family office professionals to ask about their views on working with advisors and their own career trajectory.*

### ***How they got started working in a family office***

**Family Office Professional A:** I started my career from a large professional services firm as I was particularly intrigued by the intersection of markets/investing and building relationships. I enjoyed my time there, surrounded by many super-smart and motivated people with highly skilled specialist resources at our fingertips. After spending several years there, I realised that I wanted to land somewhere where I could focus more on one client. At my current family office, I'm really proud of the organisation and network we have built.

**Family Office Professional B:** Before stepping into the family office industry, I had previously worked in wealth management, with expertise in funds, equities and financial advisory. More than a decade ago, I joined a family office because roles offered by family offices were multi-faceted. Throughout these years, I found out that entrepreneur-driven families were interesting to work with because there was always some kind of change or new initiative happening, and your job was to make it happen successfully for the family. These are great jobs for people who know how to investigate options, present recommendations, support decision making, and set project plans for implementation across many disciplines.

## *What successful family office advisors have in common*

**Family Office Professional B:** We value advisors who get to know us properly and focus on giving us access to experts and markets in the areas in which we want to focus, instead of those who try to sell us products and services we don't need. Smart advisors understand quickly what we are trying to achieve and produce advice and documents promptly. They take the time to understand us properly.

**Family Office Professional A:** The distinction usually comes down to how advisors communicate with us. Good advisors know that they are playing the long game and focusing on what the underlying problem is we are trying to solve, and how they can help. That is important as it makes us feel that they are thought partners, and are not just trying to sell products to us to generate sales revenue.

Successful advisors are also not those who want to be in the room for every conversation with us. If they simply attend meetings or conversations with no value-add, we just feel we want to skip them and talk directly to the subject-matter expert. Good advisors tend to talk less and listen more.

## *What they wished all family office advisors knew, regarding how to successfully work with a family office*

**Family Office Professional A:** I think advisors need to know the importance of building trust to work seamlessly with family offices. The first interaction is very important because it allows me to see whether they are listening to our needs, or they are simply coming with an agenda to sell us something. If we don't trust them, we are not willing to share information with them. So, the first meeting is vital.

Advisors should also know how family offices evolve over time. What we need today may not be what we need 2 to 3 years later. Those advisors I most appreciated were ones who understand this and even recognise when we need to move on.

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**Family Office Professional B:** Wealthy families are extremely private. Advisors don't get to talk to the family about "family governance" without first having built a long-term relationship. It is very fashionable to talk about family governance nowadays, but most advisors will never be invited to talk to the family about family governance, so don't make it a pillar of your sales pitch. Walking into a first-time meeting with a new family and asking questions about family governance is the fastest way to lose a potential client.

### *Thoughts about Singapore as a Family Office Hub and how the GFO Circle can help*

**Family Office Professional B:** We have been really impressed with the level of support and guidance we have received from the Economic Development Board, the Monetary Authority of Singapore, and our advisors at Withers KhattarWong as we set up our family office in Singapore. Now we are focused on building our team here. Building an equity portfolio management workforce will be essential to Singapore's success as a family office hub. Family offices in Singapore are struggling to find enough skilled resources in equities portfolio management. We are competing with other asset managers when we hire people.

**Family Office Professional A:** Singapore is doing exceedingly well to welcome new family offices. One thing that Singapore needs to keep an eye out for is that each family office is unique and there is thus a limit to how much standardisation can be applied.

Singapore can build a strong baseline of skills and talents. I am just excited that WMI and the GFO Circle could put this much effort into training the workforce to be able to provide the kind of work for the industry.

## CONVERSATIONS WITH FAMILY OFFICE ADVISORS

*WMI spoke with three eminent family office advisors to ask about their careers and their views on what makes a successful family advisor:*

- *LEE Woon Shiu, Managing Director, Regional Head of Wealth Planning, Family Office and Insurance Solutions, DBS Bank*
- *SIM Bock Eng, Head of the Specialist & Private Client Disputes Practice, Joint Head of the Private Wealth Practice, and Partner in the International Arbitration, Banking & Financial Disputes Practices, Wong Partnership*
- *Desmond TEO, Asia-Pacific EY Family Enterprise Leader and ASEAN EY Private Tax Leader, Ernst & Young*

### *How they got started as a family office advisor*

**Sim Bock Eng:** When WongPartnership was established in 1992, I was the most junior lawyer and was privileged to work with my seniors with specialties across industry sectors and areas of law. Over the years, this broad-based practice stood me in good stead and when we saw the growth in global wealth and the private wealth sector in Singapore, I was asked to head the private wealth practice group. That was when the diverse skills I picked up over the past many years came in handy to facilitate my work in this area. Hence, I would say it was less so a plan, but more of a natural process for me to enter this sector.

**Desmond Teo:** I am a tax advisor and have been involved with the fund management industry since the early 2000s. Over the last 20 years, many positive legislative trends have emerged. My team, together with the Monetary Authority of Singapore, explored how the existing tax exemptions could fit the purposes of single family offices (SFO) and could then be used to encourage family offices to set up in Singapore. Over the last few years, the family office industry has seen the benefits and has grown significantly ever since. I am glad to have been involved in helping the industry develop over these years.

**Lee Woon Shiu:** I found that my career evolved as the private wealth market evolved. Over the years, we were providing solutions in wealth and estate planning, trusts, philanthropy advisory and family governance. Then with global developments and regulatory changes, coupled with the proactive incentive schemes from the Singapore Government, we began to see a convergence of events that led to the emergence of more sophisticated structures such as family offices in Singapore. We have been observing these trends and my own career has pivoted to be fully aligned with this convergence.

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#### ***What they wish they had known before becoming a family office advisor***

**Lee Woon Shiu:** Looking back, I do wish I had started earlier in terms of deep diving into understanding the family office landscape in other high-net-worth wealth management markets such as HK, mainland China, Europe, UK and US. To be a successful advisor, you need to understand the global landscape in other markets, and not be confined to Singapore. Clients have global needs, and advisors need to be well-versed with the basic rules and key concerns which clients may encounter in other markets to come up with the optimal solution.

**Sim Bock Eng:** The UHNW families have different lifestyle and financial needs, and clearly can benefit from a wide range of support and services which various professionals can provide. My experience in getting to know the clients, assisting with their concerns, supporting them and in certain cases, pre-empting their needs have been most fulfilling and satisfying.

**Desmond Teo:** I wish I had a crystal ball back then to see how the industry would have developed so that I would have built up the skill sets earlier and for the younger professionals too! Some areas of expertise such as family governance and wealth transfer take a long time to build up and only come with experience. Advisors usually have to spend many years to walk the journey and gain that experience.

### *The skills they have found most useful for being a successful family office advisor*

**Sim Bock Eng:** External advisors need to be specialist-generalists – they specialise in having knowledge over a broad breadth of topics. When family offices come to them with their concerns which can include various topics, the external advisors should aim to have sufficient knowledge to identify the issues and provide preliminary advice that will help the family offices. They need a broad network so that they can find the right expert to provide a more in-depth view. They should also continue to be aware as to how these views may affect the family, the family office, their business, or the family’s succession plans in other aspects.

Additionally, communication skills and empathy are critical, because we need to be able to connect and more importantly, relate with clients to understand their underlying needs.

**Desmond Teo:** If there is one characteristic that is key, it will be empathy - having the ability to listen, put oneself in the clients’ shoes and connect the dots across multi-disciplines to bring a holistic solution that addresses personal, family, commercial and regulatory needs.

On a topic such as wealth transfer, the patriarch or matriarch will surely be thinking about the next generation. Quite often both the older and younger generations have the same interests in doing good for the family. But sometimes their perspectives may differ, or they may see things through different lens because of their experiences. That’s where trusted advisors should also have empathy to help bridge the gaps between generations on how they see things and what they want to achieve collectively.

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**Lee Woon Shiu:** Successful advisors should have the right knowledge base and expertise to focus on both the internal and external factors driving high-net-worth families towards establishing their family offices. Internal drivers refer to hard factors such as wealth & legacy structuring, tax & liquidity planning and a broad-based understanding of related areas such as debt & capital raising opportunities, enterprise divestment challenges, as well as soft factors which emphasize the ability to set themselves up emotionally and psychologically to understand clients’ behaviours and concerns.

External drivers refer to their ability to keep abreast of what is happening on the macro level. Importantly, advisors in Singapore will need to proactively connect with onshore advisors. Clients require holistic advice across their global portfolio, and advisors in Singapore need to be knowledgeable about the wide spectrum of key planning considerations pertaining to both onshore and offshore matters.

### **Thoughts about Singapore as a Family Office Hub and how the GFO Circle can help**

**Desmond Teo:** Singapore is already starting with a strong base with a fertile ecosystem, strong legal system with well-established laws, a well-regarded government and a diverse financial system. Though Asian-institutionalised SFOs are still relatively new in Singapore, they will mature over time and increasingly support family principals across a wide spectrum of activities including philanthropy, wealth transfer, family governance, internal controls and performance measurement, just like their US and European counterparts. In view of this trend, we anticipate increasing demand in skill sets to meet these needs.

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**Sim Bock Eng:** It has not been easy for family offices to find people who know what family offices are, let alone people who want to work for them. There are still professionals and advisors who carry the misconception that working for family offices means submitting to the whims of a patriarch or matriarch. There is insufficient awareness that most family offices have strong corporate governance structures and highly professional working environments.

As such, it is beneficial for Singapore to leverage platforms like the GFO Circle and institutes like WMI to help create the much-needed talent pipeline and build awareness on good career paths in family offices.

**Lee Woon Shiu:** With all the existing incentives and benefits, Singapore already stands itself in good stead as a jurisdiction of choice for the setup of family offices. However, Singapore can't afford to rest on its laurels. We must keep building up our family office ecosystem and ensure that it stays innovative and continues to disrupt, including disrupting ourselves.

## ABOUT THE GLOBAL-ASIA FAMILY OFFICE CIRCLE

The Global-Asia Family Office Circle (GFO Circle) is a network platform that aims to be the leading voice and umbrella association for family offices in Singapore and Asia. It responds to a real and growing need for community building, collaboration and learning in the family office sector. By bringing together a community of family office principals, professionals and service partners, the GFO Circle will be a trusted environment for networking and knowledge sharing.

The GFO Circle will offer unparalleled access to cutting-edge insights from a wide range of sectors. Members will have access to curated networking events, world-class education programmes, research and thought leadership, as well as peer learning and cross-sector collaboration opportunities.

The GFO Circle leverages on the deep expertise in wealth and asset management education within the Wealth Management Institute (WMI), as well as the partnership with the family office community across family principals, family office professionals and family advisors across the banking, asset management, MFO, trust services, legal, tax, accounting and IFA sectors. The GFO Circle is also supported by the Singapore Economic Development Board (EDB) and the Monetary Authority of Singapore (MAS). For more information, visit <https://gfocircle.wmi.edu.sg>

## ABOUT WMI

Established in 2003, the Wealth Management Institute (WMI) is Asia's Centre of Excellence for wealth and asset management education and research. Founded by Temasek and GIC, WMI is driven by the vision to catalyse Singapore's growth ambition to become a leading international wealth and asset management centre. We believe that advancing knowledge and capabilities can have a sustainable impact on value creation at an individual, institutional and national level.

WMI is appointed as Singapore's Lead Training Provider for Private Banking by the Institute of Banking and Finance Singapore ("IBF") and supported by the Monetary Authority of Singapore ("MAS"). WMI provides a comprehensive suite of practiced-based programmes from IBF accredited certification programmes, Graduate Diploma to Master of Science in Asset and Wealth Management in collaboration with Nanyang Technological University. In 2020, WMI enrolled 17,000 finance professionals from 150 leading financial institutions across 60 programmes. For more information, visit <https://wmi.edu.sg>