



March 2016

Winning Loyalty with Asian HNW Families

Helping Families Face and Resolve
Wealth and Business Issues



A Global World for Wealth

"The rich of today are...different from the rich of yesterday...They are becoming a **transglobal community of peers** who have more in common with one another than with their countrymen back home."

Chrystia Freeland

*The Rise of the New Global Elite
Atlantic Monthly, 2011*



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Understanding the Asian HNW and UHNW Markets in Innovative Ways

Insights and research with important implications
for deal flow with clients and centers of
influence (COIs)

Impact on:

Strategies you use to **build relationships** and
close deals

Strategies you use to connect with families on:

Wealth transfer issues

Business succession issues

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Top Reasons for Buying Life Insurance:

Asian HNWIs (Hong Kong, Taiwan, Singapore,
Thailand, Indonesia, Malaysia, Philippines)

Asset Diversification

Estate Equalization

Estate Tax Planning

Family Legacy Planning

Family Security Planning

Debt Protection Planning

Business Continuity

US Tax/Beneficiary Planning

Source: *The Universe of Life Products Is Growing: Reaching High Net Worth Clients.*
Emphasis magazine (Towers Watson), 2011.

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The Problem

Family succession and legacy issues are naturally **private**, sometimes **painful**
Cultural reasons not to disclose or discuss

And yet,

Discussing these issues would be **useful**
when discussing life insurance planning
Western-centric models and recommenda-
tions don't always work in other cultures

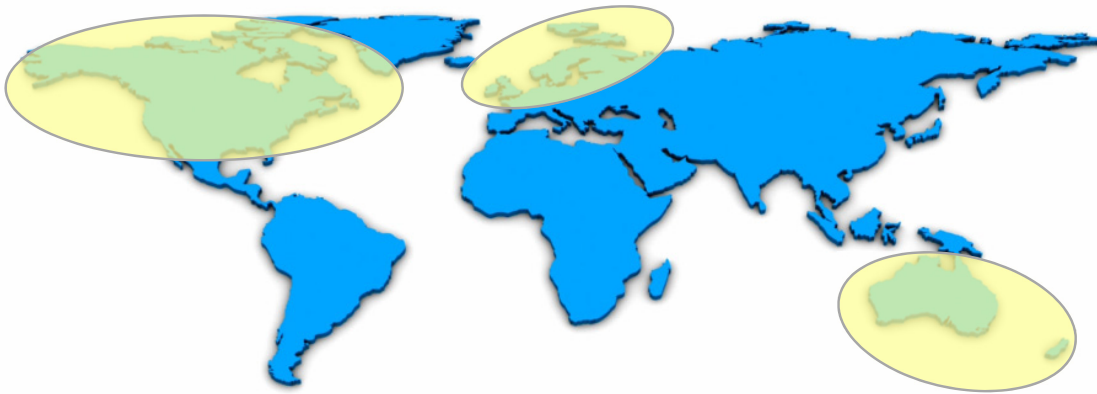
How can you provide services to your clients
most effectively?

The Journey Up, the Journey Across



INDIVIDUALIST CULTURE

North America, Northern Europe, UK, Australia, New Zealand



INDIVIDUALIST

COLLECTIVE HARMONY CULTURE

China, Hong Kong, Singapore, Korea, Southeast Asia, [Japan, Indonesia]

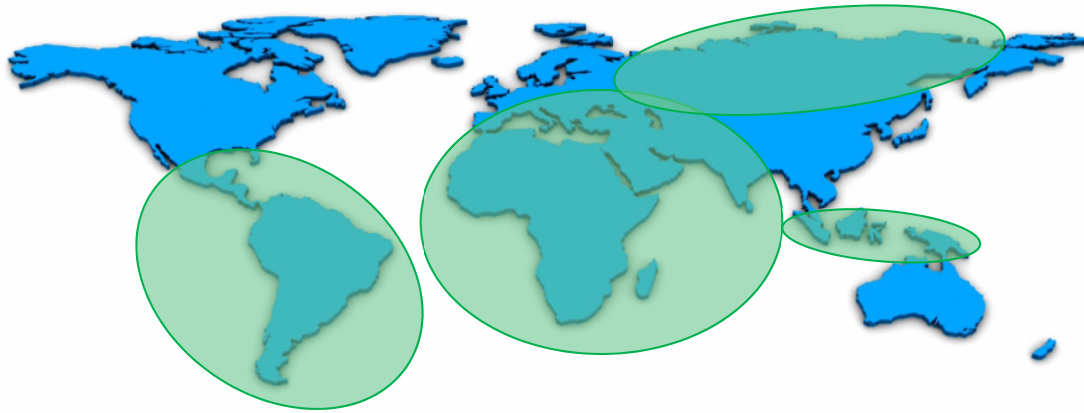


INDIVIDUALIST

COLLECTIVE HARMONY

HONOR CULTURE

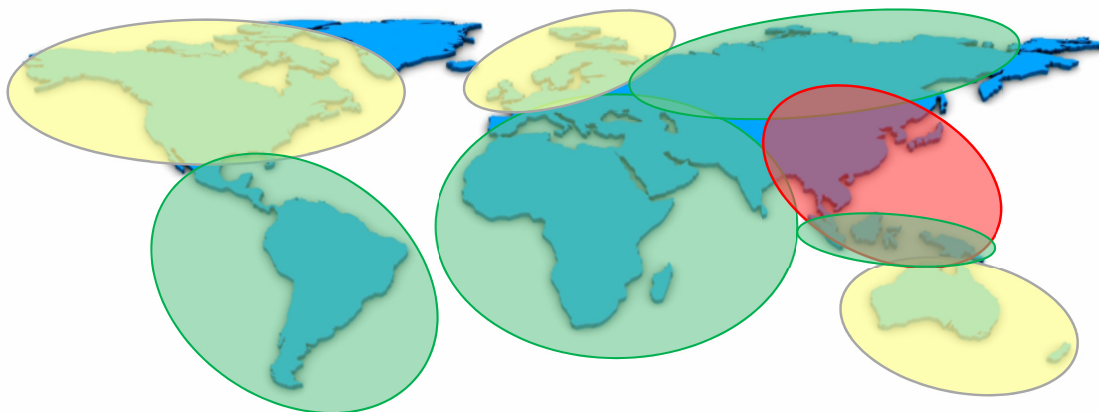
Latin America, Southern Europe, Middle East, Africa, India, Russia, [Indonesia]



HONOR

INDIVIDUALIST

COLLECTIVE HARMONY



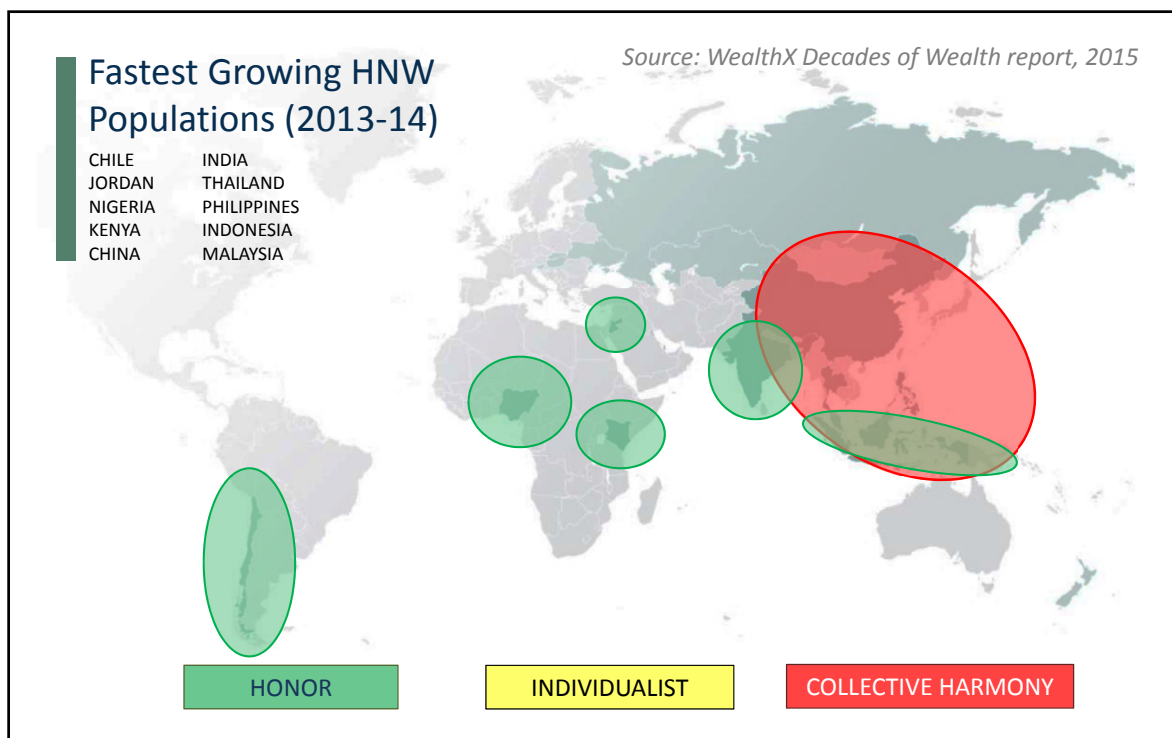
HONOR

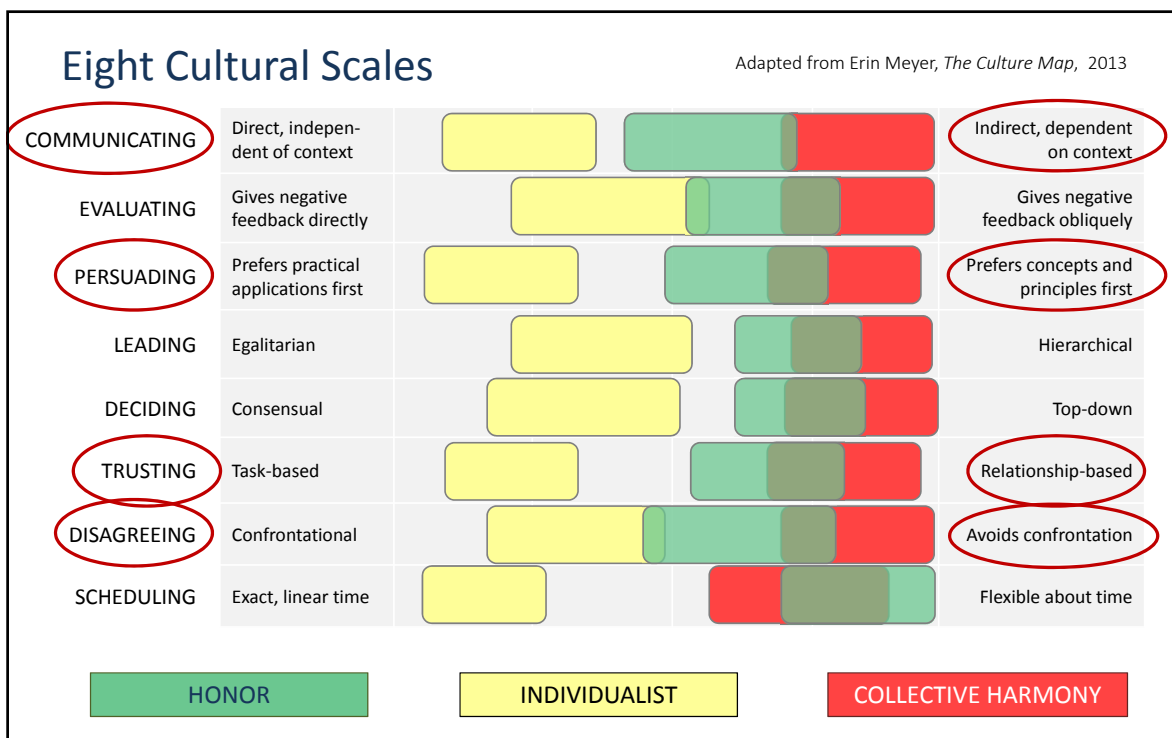
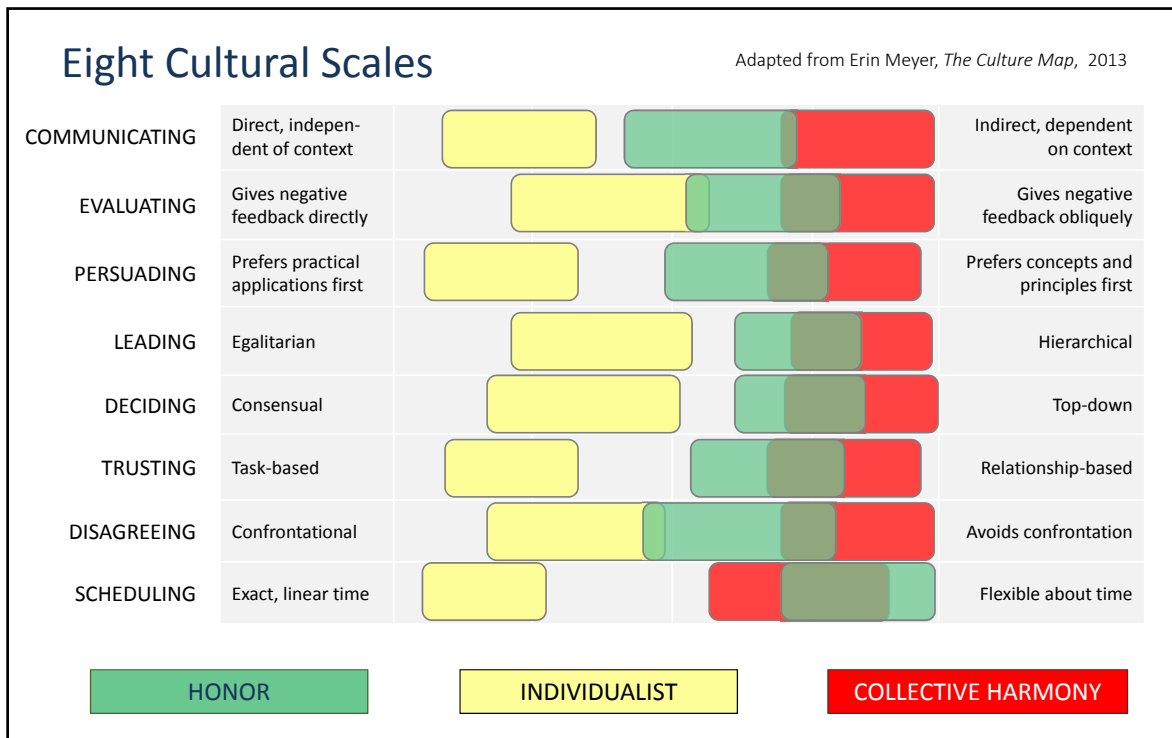
INDIVIDUALIST

COLLECTIVE HARMONY

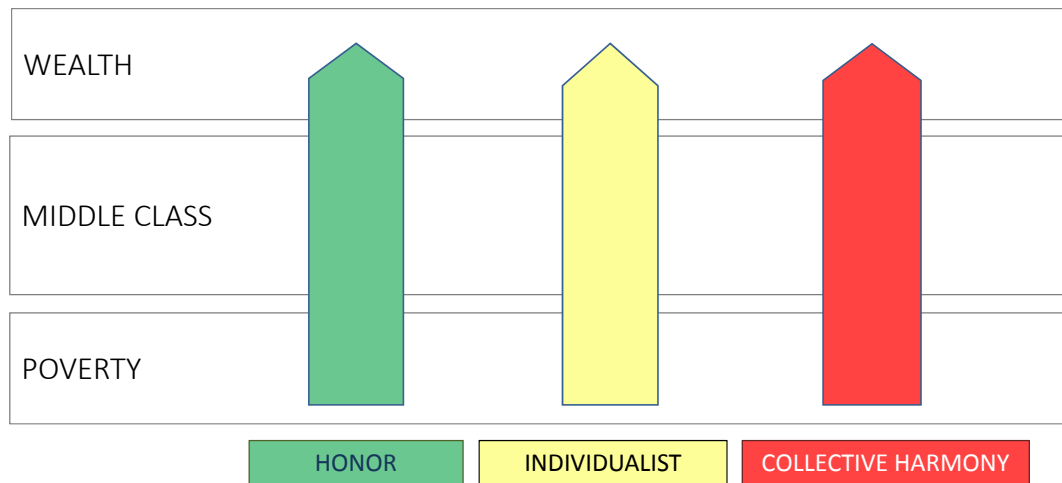
The Three Culture Types

| HONOR | INDIVIDUALIST | COLLECTIVE HARMONY |
|---|---|--|
| LatAm, Southern Europe, MidEast, Africa, India, Russia, [Indonesia] | North America, Northern Europe, UK, Australia/NZ | China, Hong Kong, Singapore, Korea, SE Asia, [Japan/Indonesia] |
| Self-worth based on reputation, maintaining honor of family | Self-worth based on personal dignity | Self-worth is collectively determined and maintained (Face is to be preserved) |
| Contending with unstable governments and rule of law | People are equal and have individual rights, above the family | The family is the core |
| Structure is hierarchical, based on family relationship and birth order | Assertiveness, directness | One should respect and fulfill one's place |
| Communication is somewhat ambiguous yet can be emotional | Everyone should be heard in decision-making | Issues should remain ambiguous and unspoken |
| Trust is built on relationships, networks, personal tasks | Shared leadership is possible and encouraged within a family | Decisions and relationships are hierarchical |
| | Trust is built by what you do as an individual | Trust is built on relationships |

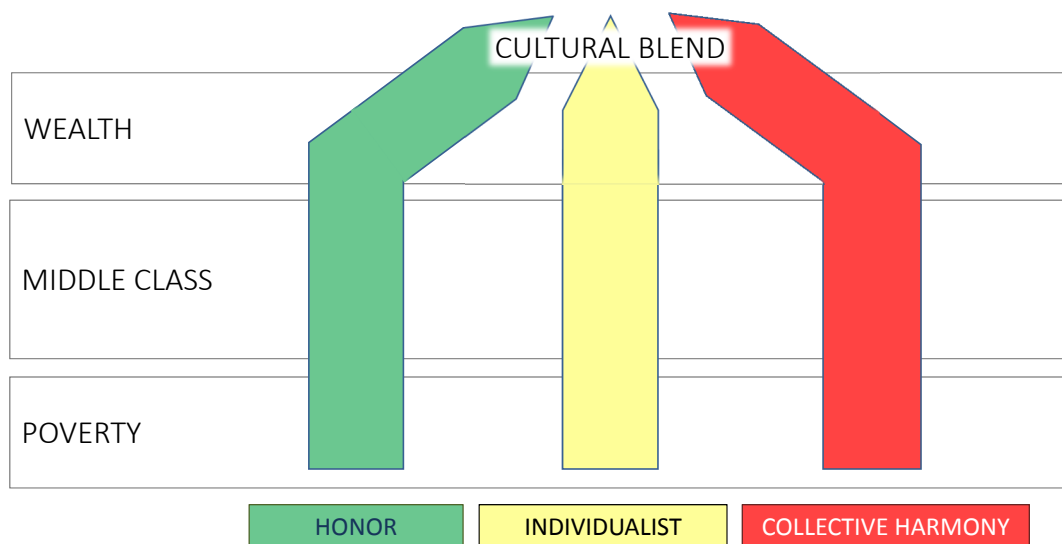




THE JOURNEY UP - ECONOMIC Transition in Family Wealth



THE JOURNEY ACROSS - CULTURAL Transition in Family Wealth



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Legacy and Business Succession Issues

The **Challenges** (Harmony, Honor families):

“Single leadership” model - top-down

Need to preserve harmony (**conflict avoidance**)

Lack of transparency, limited communication

Limited trust outside the family/clan

Role fulfillment within the family very strong

Gender issues

Cross-cultural issues framed as **generational** issues

How will they **discuss** any of this with you?

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What You Can Do



Take time to assess their cultural exposure and orientation

Inquire about **education, training, global
experience**

Watch for **cues**

Directness vs indirectness

Speed of **trust-building**, reliance on relationship

Openness about family issues

Orientation to **decision-making**

Gender biases

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What You Can Do



Focus on building trust

Accept that trust will **take time** to build

Clients may be relying on **relationship-building** more than you think

Seek feedback from the client's advisors on your relationship skills and actions

Building trust across generations may be **cross-cultural** - G2s and G3s likely to be more Individualistic

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What You Can Do



Focus on communication and decision styles

Accept that communication may be **indirect** and linked to **context, nonverbal** cues

Clients may be **sending you signals** more than you think

Take time to explain **concepts, principles** as well as the practical basis

Decision-making is **top-down** and likely to occur **outside the room**

Communicating across generations may be **cross-cultural** (more Individualistic)

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What You Can Do



Focus on using stories and anecdotes

Narratives and stories allow **indirect** communication that also **saves face**

“This **may not** apply to your situation, **but...**”

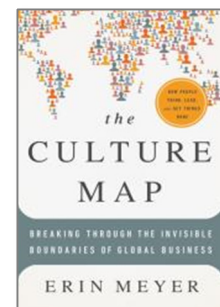
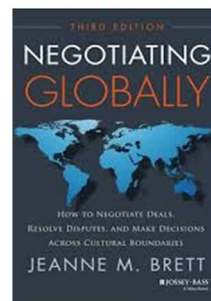
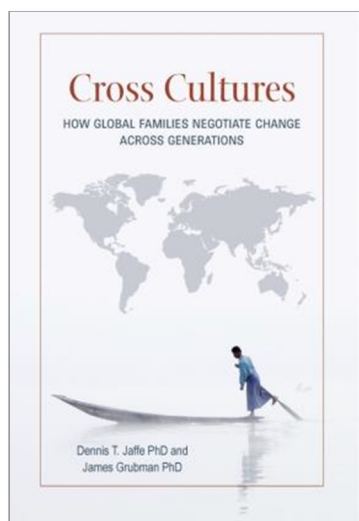
Speak obliquely about the issues in the example - discuss questions or comments that way

Watch to see if the client **refers to the story** in a future meeting, as confirmation

Progress may be indicated by the client making **more direct** reference to his/her own issues

Proceed more **patiently** than you may think

Helpful Resources



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Q & A



HONOR

INDIVIDUALIST

COLLECTIVE HARMONY

James Grubman PhD



Fellow: Family Firm Institute, Purposeful Planning Institute

Member, STEP (Family Business, Mental Capacity Special Interest Groups)

Author, *Strangers in Paradise: How Families Adapt to Wealth Across Generations* and co-author with Dennis Jaffe, PhD, *Cross Cultures: How Global Families Negotiate Change Across Generations* (on Amazon.com)

Collaborator with Dennis Jaffe, PhD – author of *Good Fortune: Building a Hundred Year Family Enterprise* and *Releasing the Potential of the Rising Generation*

Advisory Board – Legacy Academy of Hong Kong