

OPENING SPEECH BY SCCCI PRESIDENT ROLAND NG
SCCCI-PwC-UBS 2017 FAMILY BUSINESS STUDY
FOUR SEASONS HOTEL
25 MAY 2018, 9.00AM

Council Members and members,
Representatives of PwC and UBS,
Ladies and Gentlemen,

Good morning! Welcome to this session where we will share the findings from our family business study. I am very pleased that many family businesses are present today, including professionals who specialise in this topic. This allows us to integrate different perspectives to better understand the secrets behind how family businesses undertake transformation, how they approach succession, survive, and thrive.

Many SCCCI members, including enterprises and trade associations, are in the process of transformation. With this in mind, one of the three key thrusts of the SCCCI's 59th Council is to help promote the smooth transition and succession in our enterprises. As our government has been urging our enterprises to revamp and upgrade themselves through innovation, digitalisation and internationalisation, the business community is also paying attention to these issues.

Family enterprises today operate in a rapidly-changing global environment. As they are going through succession, the business also need to adapt. This requires the two generations to play their respective roles well, so that succession and handing over can proceed in parallel.

In order to do so, an enterprise must allow time-tested principles and novel business ideas shine forth. It is the duty of the founding generation to pass on to the new generation their wisdoms in management, their experience and their networks, so that the roots for sustainable growth sink deep. On the other hand, the younger generation, who grew up in the digital economy and are

close to consumer trends, should actively give full play to their creativity as they open up new potential markets and lead their companies into a new phase.

I myself too had the experience of taking over a family business and expanding it through a makeover. This has allowed me to gain some insights. If a family-owned company wants to overhaul itself and maintains harmony, it needs to make an effort to build a leadership team based on humility and trust. With business transformation as a common goal, there is a need to promote learning and communication, and ensuring that the leaders from both generations and the family members are assigned to the appropriate positions.

Mr Li Ka-shing, the founder of the Cheung Kong Holdings, who recently announced his retirement in Hong Kong, has led the model life of a humble leader. Mr Li started in manufacturing, and later moved into real estate, retail, energy, telecommunications, scientific research and many other areas, and never was he thwarted in his endeavours. He relies on his long-term interest in acquiring knowledge, building networks with people in all fields,

being humble in learning and listening, perfecting his business acumen and his grasp of a broad perspective, to help him go through economic cycles and convert challenges into opportunities.

This is a worthy reference for businesses undergoing change. This example is especially pertinent now as technology and fads are changing by the day, the lifestyles between the old and the young are growing increasingly divergent, and their perceptions and understandings of the market are very different. There is a saying: "it is the intelligent who recognises talents and it is the clear-minded who knows himself". Only if the founding generation are aware of their own strengths and weaknesses, would they let the next generation and the professionals exhibit their capabilities in the chosen area of business. To hand over the rein fully is a wisdom hard to live up to, but it is necessary to break new grounds and build trust with the succeeding generation.

I recently came across an example of a successful revamp: how a traditional bakery in Chinatown broke into the market of the young. A few years ago, it was still a traditional run-down shop and its customers were mostly the middle-aged or the elderly. Today, the

store has a brand-new look following renovation. The cakes in the display shelves are neatly and nicely laid out, while the packaging features modern designs and the bags are adorned with cartoon figures. All these are a break-away from traditions and exude a lively character. Many young people came to patronise, and took pictures as soon as they had made their purchases, which they put on social media to show their relatives and friends.

We all know that the market is changing quickly. By harnessing the new generation's taste and acumen, the transition of a family business could be a breezy process. The successors must humbly inherit the experiences, relationship network and core skills of the older generation. Only then long-term, stable development is possible. Effective communication between the two generations and the building of trust constitute an important foundation. Gaining business benefits at the expense of family ties is to be avoided. After all, maintaining a harmonious family is an ever-lasting principle in the successful running of family businesses.

With a view to promote the development of family businesses, SCCCI has been collaborating with professional institutions to undertake specialised research, and organise sharing sessions from which our family businesses can benefit from. This study covers close to 120 local family businesses across a spectrum of industries, addresses topics relating to the transformation of family businesses, and many insights were gleamed. I believe that companies who are on their path to transform will find the study findings inspirational. We welcome your feedback and views.

In conclusion, on behalf of SCCCI, I would like to sincerely thank PwC and UBS, our knowledge partners and sponsors, in this initiative. I wish everyone a fruitful session ahead, and could apply what you have learnt, as you lead your family business to yet another peak!

Thank you.

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