

Create leading “Family Heritage and Development Center” to guide the growth of China Wealth Society

October 2010

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Background



Introduction

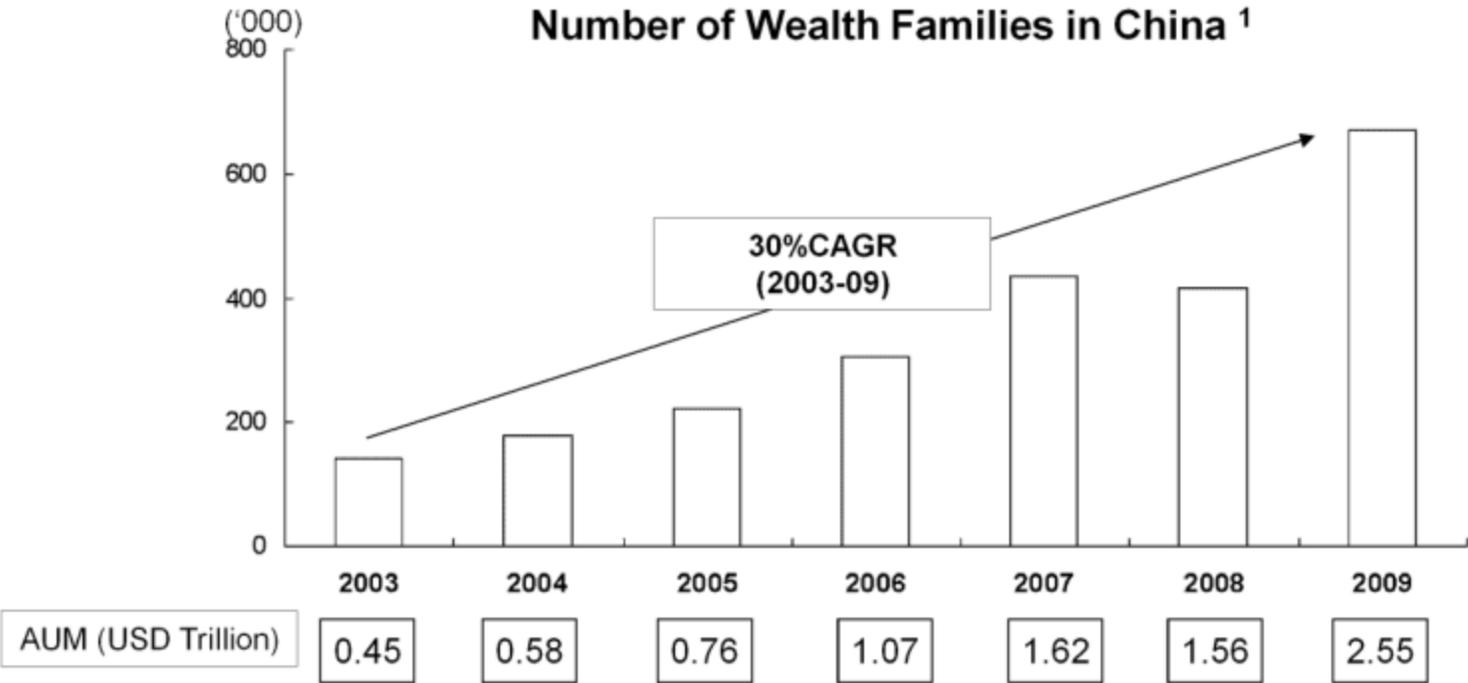
- With economics developments and social reform, the wealth group grow very fast and become an increasingly important social force in China. On the other hand, as China is in the economic and social transformation stage, there are many prominent social issues, including wealth inequity and laggards in the social benefits system such as in areas of medicare, housing, and education. In addition to this, some “second generation” of the wealth group do not establish an positive model image, instead, leave a image of being “irresponsible, indulgence, and arrogant”. This results in “resentment of the rich” and worsen social conflict. In such context, it is of great significance to lead the growth of China wealth society to maximize their positive social influence, and exert positive impact to wider community.
- Kai Feng Foundation’s aim is to advance social progress and harmonious development. In such regards, Kai Feng would like to contribute to the development of China wealth society through promoting the heritage and development of wealth family.
- Family heritage and development is an old and emerging issue. China and even Asia are lacking mature framework and experience. In addition, there are unique challenges in its social transformation period in China, especially in the area of how to develop and inherit spiritual wealth. Even in leading international universities/business schools, family heritage and development is a young session. By establishing a world class “family heritage and development centre”, Tsinghua will further strengthen its social and academic status and influence.

The state of wealth development

- Globally, wealth class as a powerful and resourceful group is taking a critical role in propelling growth of each society
 - In the past century's evolution of Western world, wealth class has been a powerful driving force in promoting society development
 - Donation and charity contributes to 10-60% of funding for US public and private universities, most of which were grants from wealth families
 - Among them, the leading ones i.e. Carnegie Foundation, Rockefeller Foundation and the recent Bill and Melinda Gates Foundation have made great impact in various aspects such as eliminating poverty and improving education
 - In recent years, wealth leading society has been making philanthropic endeavors in developing NGO to promote society progress and civilization
 - With globalization, wealth class taking greater social responsibility is widely accepted as a shared value and practice around the global rich class to promote social harmony

The state of wealth development (continued)

- China has witnessed fast growth of wealth following the strong economic development in past decades. Directing and leading the wealth society is critical to future development of China



¹ – AUM above 1MN US

Source: Wealth Markets in China Report[®] by BCG

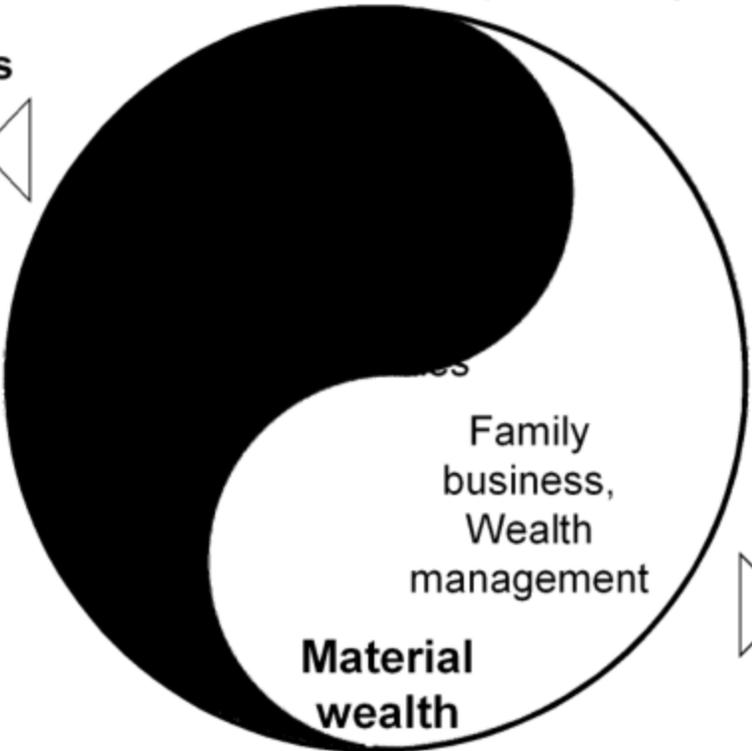
Introduction of family heritage

- Family heritage and development is to inherit and develop both spiritual and material wealth to enhance social and economic influence thus to realize family values. To achieve this, family leaders need to address both humanitarian and management issues

Contents of family heritage

Key issues to address
(humanitarian) :

- Self-related
- Family related
- Social related



Key issues to address
(management) :

- Family business transition and governance
- Wealth management

Importance of improving family heritage in China

- At macro level, family heritage and development is corner stone to social stability and harmony. At the micro level, family heritage and development is an essential part of wealth family's role to maximize their contribution to the society
 - China's thousand years of history has demonstrated that family heritage is critical to foster social value and behavior system and promot social stability and harmony
 - For wealth families, wealth accumulation without family heritage and transfer limit their social influence and abilities to make greater contribution
- At micro level, family heritage and development is fundamental to family business growth and wealth preservation and hence critical to wealth generation of a society
 - 80% of global enterprises are family business, 37% of global Top 500 are run or owned by families. No country can develop without participation from private business
 - Family business transfer and development, especially transfer from 1st generation to next generations, and separation of ownership from business management, are key issues to the success of family businesses
- At micro level, family heritage and development is a critical part of individual's happiness and life value
 - "Self-improvement and family development" are regarded as the best recipe for a happy life in Chinese culture

Challenges in Chinese family heritage and development

- Limited experience to learn from Asia families given short history in shaping family value, legacy and transfer structure
- Unique challenges facing Chinese families:
 - Social stability: With drastic social and political changes in the past century, the top priority for Chinese families were stability and conformity with social trend
 - Single child policy: Birth control policy and practice bring about unique challenges and complexities in family development. Tolerance to failure and risks is low for Chinese families
 - Impact from Western world and cross-culture collision: Along with globalization, Chinese culture and value system are facing challenges from western world, i.e. the priority of country, family and individual in Chinese tradition vs. individualism from western culture needs to be addressed properly at family level

Addressing these challenges require learning from western experience and making efforts from multi-discipline to embark on a road right for Chinese families

Family heritage education status quo and areas for improvement

- Education in China on family heritage and development is at infant stage :
 - Due to historical reasons and drastic changes in economic and political aspects in the past decades, education on Chinese traditional family heritage was disrupted and misplaced
 - In the past twenty years China has seen fast generation of wealth, but beneficial families have yet to realize the importance of family heritage and development
 - In general, family heritage and development is a new subject for universities/business schools. Chinese universities/business schools have not yet start a systemtic research and education in this area
 - Some leadng universities/business schools, such as Wharton, IMD, The University of British Columbia, and Chinese Universities of Hong Kong have built family business centers for research and education and developed it into a differentiation subject

Family heritage education status quo and areas for improvement (Cont'd)

- There is significant room for improvement for Chinese universities in this field in content and faculty provision
 - Programs focus primarily on material wealth transfer and growth, i.e. family business and wealth management, with limit access to family heritage and growing spiritual wealth, such as family mission, value and social responsibilities
 - Faculty is mainly from internal resource or investment community, lack of participation of representatives from experienced successful families
- Due to weakness in contents, faculty, target audience and fee level etc, these programs mainly attract participants from small-medium sized families, with limit influence over leading families in China

Strengths of Tsinghua and Kaifeng Foundation

■ Strength of Tsinghua

- With 100 years of history Tsinghua is highly respectable in China
- Tsinghua Economic and Management School has also built its leading position in China and Asia
- Outstanding and rich resource in alumni and entrepreneurial community
- Top quality faculty team

■ Strength of Kaifeng Foundation

- Mission to propel social development
- Leadership and board members with global perspectives
- Founder representing 1st generation of successful family in China
- Well connected and resourceful in China



Through developing family heritage and development center, Tsinghua will expand its influence among China wealth group, and through its leading role, create greater positive impact to China's social progress

Business Plan



Mission and vision

- Starting point: “Be responsible to yourself, to family, and to the society.”
- Mission: Promote family heritage and guide growth of Chinese wealth society
- Main tasks :
 - To promote wealth family heritage and development in China through providing high-standard, targeted educational program
 - To support formulating matured wealth attitudes, and balanced view in responsibilities and challenges associated with wealth
 - To promote communication between wealth families and scholars, to resolve real world issues in area of family heritage and development
 - To develop research platform to advance the study and practice of family heritage development in China

Overall plan and organization setup

- Near term plan and organization setup:
 - At first stage, the center will focus on providing leading short-term program to first generation wealth creator
 - Organization setup include 1 director, 2 deputy directors, and several staff. Advisory board comprised of highly credible experts, scholars, and key members from leading families and practitioners

- Future plan
 - To launch program to second generation of wealth families
 - To conduct research, communication, and promotion work, such as China family heritage case development and organizing seminars etc
 - To expand organization accordingly

Program overall plan

- **Format :**

- Two modules, 3-5 days learning course and 5-day overseas exchanging trip
- During the 3-month interval between modules, other activities such as salon and forum will be arranged for social and exchanging purpose
- Audience: Top 500 rich people in China

- **Size :**

- 15-20 people per class

- **Tuition:**

- RMB 500,000 per person, all tuition will be donated for the centre's operation and development

Guideline for program and faculty setup

- **High standard:** Both students and faculty are highly credible and influential in relevant field
- **Multi-discipline:** Combining insights from humanitarian and management sources, with a unique focus on culture and humanitarian topics
- **Theoretical analysis complemented with practice expertise:** Reps from successful families will share their experience on how to perpetuate families
- **Learning from both Eastern and Western:** Tapping into long-standing tradition of Western' families, acknowledging the cross-culture difference and the uniqueness of Eastern families
- **Teaching via sharing:** Sharing between peers is equally important to teaching, and to enhancing communication among families

Program and faculty plan (preliminary)

■ Spiritual wealth aspect :

	“For yourself”	“For next generation”	“For society”
Pro-gram	<ul style="list-style-type: none"> ▪ Family mission and goals ▪ Source of happiness ▪ Value for wealth ▪ Longevity and health 	<ul style="list-style-type: none"> ▪ Family learnin, value and heritage ▪ Education management ▪ Successor plan (Development psychology) ▪ Family communication and conflicts resolution ▪ Family governance 	<ul style="list-style-type: none"> ▪ Social transformation and family change ▪ Social responsibilities ▪ Philanthropy management ▪ Family social resource management ▪ How to expand social influence
Faculty	<ul style="list-style-type: none"> ▪ Culture and humanity (Chinese culture, History, Psychology, Philosophy, Education) : Influential scholars ▪ Key members from successful families (e.g. Rothschild, Rockfeller, Ford, Guggenheim, and TATA families) 		

Note: representative only, may change based on interest from target audience

Program and faculty plan (preliminary)

■ Material wealth aspect :

	Family enterprise : family business transition and development	Wealth management
Pro-gram	<ul style="list-style-type: none"> ■ Family and family business ■ Family business transfer and strategy ■ Family business governance ■ Family members and professional managers ■ Chinese traditional culture and family business governance 	<ul style="list-style-type: none"> ■ Investment advisory and management ■ Private bank and family wealth management ■ Risk management ■ Tax management
Faculty	<ul style="list-style-type: none"> ■ Key members from successful families (e.g. Rothschild, Rockefeller, Ford, Guggenheim, and TATA families) ■ Financial, legal and taxation experts from global leading family office ■ Leading scholars from domestic and overseas university (Harvard, Wharton, IMD etc) 	

Representative faculty and members of advisory board¹

- Important members of well-known families, which include:
 - **Europe: The Rothschild Family**
 - The Rothschild family is a famous European dynasty of German Jewish origin that established European banking and finance houses from the late 18th century. Rothschild family keeps dynasty alive through seven generations. Their family banks now include, amongst others, Compagnie Financière Edmond de Rothschild and Banque privée Edmond de Rothschild, La Compagnie Benjamin de Rothschild S.A., and COGIFRANCE.
 - Social activities: The Rothschild family has a long tradition of philanthropy. Today, a wide range of Rothschild foundations, operating throughout Europe and Middle-east region, in fields as diverse as medical science, housing and education, provide opportunities for individual and social development.
 - **US: The Rockefeller Family**
 - Rockefeller family is on their sixth generation now, and till very successful.
 - Social activities: The Rockefeller Foundation is endowed by John D. Rockefeller and chartered in 1913 for the well-being of people throughout the world. By year-end 2008 assets were tallied at \$3.1 billion from \$4.6 billion in 2007, with annual grants of \$137 million. The family members of the main foundations, adhere to the original donation, a traditional concerns education, health and rights and urban and rural poverty alleviation.

Representative faculty and members of advisory board¹(Cont'd)

- Important members of well-known families, which include:

- **US: The Ford Family**

- The Ford Motor Company was founded by Henry Ford and incorporated on June 16, 1903. Ford family keeps dynasty alive through five generations.
 - Social activities: In fiscal year 2007, The Ford Family Foundation reported assets of \$13.7 billion and approved \$530 million in grants for projects that focused on strengthening democratic values, community and economic development, education, media, arts and culture, and human rights. The Ford Foundation's grant making teams work in three broad program areas. strengthen democratic values, reduce poverty and injustice, promote international cooperation and advance human achievement.

- **The Guggenheim Family**

- The Guggenheim family refers to a number of descendants of Meyer Guggenheim who were known for their global successes in mining and smelting
 - Social activities: The Guggenheim Family has been an example of those who have amassed great wealth creating and influencing culture thorough philanthropic contributions.
 - The Solomon R. Guggenheim Foundation funds the Guggenheim Museums.
 - The John Simon Guggenheim Memorial Foundation awards grants to scientists, scholars and artists.
 - The Harry Frank Guggenheim Foundation supports scholarly research on violence.
 - The Daniel and Florence Guggenheim Foundation awards grants in the field of criminal justice.

Representative faculty and members of advisory board¹(Cont'd)

- Important members of well-known families

- **India: The Tata Family**

- The Tatas are a wealthy Parsi family in India. Originally a priestly family in Navsari, they have been active in industry and philanthropy since the nineteenth century. The Tata Group, founded by Jamsetji Tata, is one of the largest private employers in India. The annual income of Tata Group is more than 20 billion USD. It has interests in steel, automobiles, information technology, communication, power, tea and hospitality. The company is currently in its fourth generation of family stewardship
 - Social activities: From the 19th century, Tata family has been active in industry and philanthropy, their tradition is to donate most of their fortune to the foundations to help the society. There are two main foundations of Tata family, Sir Ratan Tata Trust and Dorabji Tata unite trust. Their projects include supporting NGO, individual and other institutions to solve problems in rural matters, medical, education, art, culture, society management, etc.

Representative faculty and members of advisory board¹(Cont'd)

- Influential experts and scholars of humanities:
 - **Charles W. Collier** : Charles is the senior philanthropic adviser at Harvard University and a nationally recognized expert on planning giving, family philanthropy ,and wealth psychology. In 2004, he was named to the Nonprofit Times Power & Influence Top 50 over the past 30 years. He has worked with hundreds of individuals and families to help them think through the family questions. He graduated from Phillips Academy, Andover, and holds an AB from Dartmouth college and an MTS from Harvard Divinity School.
 - **David Servan-Schreiber**: M.D., Ph.D. is a French physician, neuroscientist and author. He is a clinical Professor of Psychiatry, University of Pittsburgh School of Medicine. He was co-founder and then director of the Centre for Integrative Medicine at the University of Pittsburgh Medical Center. He was one of the founders of the US branch of Médecins Sans Frontières, the international organization that was awarded the Nobel Peace Prize in 1999. He also served as volunteer in Guatemala, Kurdistan, Tajikistan, India and Kosovo. He is the author of *Healing Without Freud or Prozac* (translated in 29 languages, 1.3 million copies sold), and *Anticancer, a New Way of Life* (translated in 35 languages, New York Times and international best-seller, 1 million copies in print)
 - **Lee Hausner** : Lee served nineteen years as the senior psychologist for the Beverly Hills Unified School District to families around the world. She is the co-author of a leading treatise on business succession planning, *Hats Off to You: Balancing Roles and Creating Success in Family Business Succession*, and co-author of *The Founders' Guide to Family Foundations*. She wrote the definitive work: *Children of Paradise: Successful Parenting for Prosperous Families*. She is a graduate of Northwestern University, San Francisco State University and ██████████ University (Dr. Psychology)

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1- May be adjusted



Representative faculty and members of advisory board¹(Cont'd)

- Influential experts and scholars of humanities (Cont'd):
 - **Liu Dong:** : Mr. Liu is the vice dean of The Tsinghua Academy of Chinese Learning. He host the Wang Guo Wei Memorial Lecture. Mr. Liu graduated from Nanjin University in 1981 and was taught by famous philosopher Li Ze-hou when he joined Chinese Academy of Social Science in 1985. Mr. Liu is the author of Theory and Mind, Tao and the World, and The Road Paved by Books etc, and is the translator of Max Weber and Ludwig Wittgenstein: An Introduction to His philosophy.
- Financial, legal, and taxation experts from world leading family offices:
 - **Philip Marcovici:** Philip is the founder and CEO of LawInContext and was a partner of Baker & McKenzie. He is the former chair of the European tax practice of Baker & McKenzie and of the steering committee of the Firm's international wealth management practice. He holds law degrees from each of Harvard Law School and the University of Ottawa (magna cum laude) and is admitted to practice in Hong Kong, the State of New York, the Province of British Columbia, Canada, England and Wales



Representative faculty and members of advisory board¹(Cont'd)

- Senior faculty from leading schools:
 - **Roger King** is an Adjunct Professor of Finance, the Co-Director of the Center for Asian Family Business Studies and the Director of the Center for Business Case Studies at Hong Kong University of Science and Technology. His past executive positions include the Managing Director and Chief Operating Officer of Orient Overseas (Holdings) Limited, Executive Chairman and founder of ODS System-Pro Computers Limited, Chairman of Euro-Asia Shipyard Limited, President and Chief Executive of Sa Sa International Holdings Limited, and a member of the Standing Committee of the Zhejiang Province People's Political Consultative Conference..
 - **John L. Ward** : John is a Clinical Professor of Family Enterprises at Kellogg School of Management. He is author of the leading books on family business: *Keeping the Family Business Healthy*, *Creating Effective Boards for Private Enterprises*, *Strategic Planning for the Family Business* (with Randel Carlock), *Perpetuating the Family Business: 50 Lessons Learned from Long-Lasting Successful Families in Business* and *Unconventional Wisdom: Counterintuitive Insights for Family Business Success*. He currently serves on the boards of four companies in the U.S. and Europe.
 - **Joseph Fan**: Chairman of the Department of Finance, Co-Director of Institute of Economics and Finance, Deputy Director of Center for Institutions and Governance, Professor at the School of Accountancy & Department of Finance, The Chinese University of Hong Kong (CUHK). Joseph's main research areas are corporate governance, corporate finance, and organizational economics. He has presented his research in numerous educational institutions and leading international conferences, and has published his works in world top international academic journals, including the Journal of Accounting and Economics, Journal of Accounting Research, Journal of Business, Journal of Corporate Finance, Journal of Finance, and Journal of Financial Economics.

Next step

- Finalize organization setup and personnel
- Finalize program and faculty plan
 - To conduct a survey over program and faculty setup

Appendix :

Family business centers in leading universities /business schools



Wharton Global Family Alliance

- History: Founded in 2004 between Wharton and CCC Alliance
- Focus:
 - Advance the Study of Family Business (esp. areas of governance, philanthropy, and wealth management)
 - Engage Families Globally
- Mission:
 - To create groundbreaking knowledge at a high standard of scholarship that can have positive real-world impact.
 - Focuses its research in key issues affecting family businesses, combining two highly credible and complementary sources of insight - practical expertise of highly successful global families and rigorous scholarly analysis from Wharton faculty.
- Research organization
 - Research committee: faculty from several disciplines, including entrepreneurship, legal study and business ethics, international management, finance, public policy, and economics
 - Research council:
- Research output: Paper/case study/projects
- Global reach: Wharton Entrepreneurship & Family Business Research Centre at CERT in Abu Dhabi, UAE.
- Outreach: Supporting the Wharton Societal Wealth Program

Sources: Wharton Global Family Alliance website

The University of British Columbia

- Background: Founded in 2001 as a first-of-its-kind resource centre for business families, the Business Families Centre (BFC) is now a one-of-a-kind support network for all things business-family related.
- Vision: Healthy families and successful businesses for multiple generations.
- Mission: Facilitate the success of business families through research, education and service.
- Research:
 - Research is the cornerstone of the work the Business Families Centre does in pursuit of our ultimate goal of illuminating families in business, their unique nature and challenges, and their important contributions to our economy and communities.
 - From academic research studies that examine the specific attributes of the family and business dynamics, the Centre contributes to both academic and community education.
- Programs
 - For families
 - Family Leadership Courses
 - Individual Education
 - For professionals
 - Certificate in Business Family Advising
- Canadian Association of Family Enterprise (CAFE)
 - The Canadian Association of Family Enterprise (CAFE) is a national organization with chapters across the country and is Canada's only not-for-profit organization dedicated exclusively to promoting the well-being, understanding and success of families in business.
 - Managed by Business family center



The Chinese University of Hong Kong

- Overview
 - The Asia-Pacific Institute of Business organizes a number of professional courses, workshops, and seminars to provide an effective exchange platform for members and professional managers of family business enterprises.
 - Leading family business scholars deliver highly interactive sessions, where participants will learn both practices and principles based on extensive theoretical, empirical, and field research. Successful family entrepreneurs are also invited to share their experience in building, growing, and succession in their family enterprises.
- Certificate in Family Business Advising
 - The Family Firm Institute (FFI) and The Chinese University of Hong Kong (CUHK) will jointly offer the courses leading to the first professional Certificate in Family Business Advising in Asia Pacific in December 2010.
- Supporting Networks
 - Family Business Learning Network (FBLN)
 - Center for Entrepreneurship

