



INDUSTRIE- UND FINANZKONTOR

WEALTH PRESERVATION EXPERTS

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ENTREPRENEURSHIP OVER TIME

Michael of Liechtenstein . Executive Chairman

Recently I was asked how entrepreneurship has changed over time? My answer may not have been the one my counterpart was supposed to get. After all, entrepreneurship has not changed much. It is still concerned with identifying a market demand, examining opportunities, and producing suitable products and services through innovation and courage. That someone becomes an entrepreneur out of «greed for profit» is a fallacy. Entrepreneurs invest capital and time to build and develop a business. They are not afraid of competition with others. And through their personal commitment, they are interested in long-term success, not short-term profit.

What has changed over time, however, are the framework conditions in which entrepreneurship can take place. Today, the regulatory, centralisation and harmonisation structure is so tightly knit that it hinders entrepreneurial competition and makes innovation more difficult. However, competition is essential for improvement and innovation, and a large number of small- and medium-sized enterprises are the basis for a flourishing economy. Unfortunately, this is not understood by political and supranational organisations. And thus, entrepreneurs and citizens are degraded to mere tax substrates.



But entrepreneurs are also characterised by a positive attitude and long-term thinking. They defy many adversities, and family businesses in particular are increasing their productivity, supported by digitalisation. But there are limits to this, too. Western democracies, therefore, should be careful not to slaughter the goose that lays the golden eggs by destroying entrepreneurial freedom.

Conscious succession planning is a core element of long-term entrepreneurship. On the one hand, it strengthens the younger generation's sense of belonging and responsibility, and on the other hand, it identifies the future for assets and the business. Find out more on how succession planning works in the article: «Gouverner, c'est prévoir».

I am very pleased to announce with this issue that we at Industrie- und Finanzkontor have arranged the company's succession and Princess Gisela has taken over the operational management as of the beginning of 2022. In the following interview you will get a first impression of Princess Gisela. In our role as managing directors, Count Francis von Seilern-Aspang and I will continue to be active in relationship management and to support the management team at a strategic level.

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A FAMILY BUSINESS MUST PLAN AHEAD



*Gisela Bergmann, Princess of Liechtenstein
Chief Executive Officer*

Founded in 1948 by members of the Princely Family of Liechtenstein, Industrie- und Finanzkontor has been majority owned and managed by family members ever since. Originally run as a family office, the company is now one of the leading providers in the field of cross-border asset structuring and long-term preservation of family and entrepreneurial wealth. In 2020, H.S.H. Gisela Bergmann, Princess of Liechtenstein, was elected to the Board of Directors. She was appointed CEO at the beginning of this year.

Princess Gisela received a degree in engineering from ETH Zurich. This was followed by positions in investment banking and engineering in England, Canada, Singapore and Switzerland. She is the daughter of H.S.H. Prince Michael of Liechtenstein, who chairs the Board of Directors of Industrie- und Finanzkontor as Executive Chairman.

Princess Gisela, you have gained experience in many different companies. How does a family-owned and managed company, such as Industrie- und Finanzkontor, differ from others?

The main difference lies in our mind-set, and in the strong ties between the family and the management team, and between employees and clients. This leads to high levels of identification and above-average commitment. And this also means that family businesses are usually oriented towards the long-term.

So, the family acts as a role model?

Yes. In a family business, family members are prepared to invest their own time and money in the company, and to take personal responsibility for the success of the business. This mind-set has a positive impact on the business, providing security and stability to both employees and clients, allowing the entrepreneurial spirit to thrive.

To what extent?

The family vouches for the company with its own surname. This creates a fundamental incentive within the company to perform at the highest level. Our family values form the basis on which the entire governance of Industrie- und Finanzkontor is built. We are proud of our strong, diversified management and the motivated, well-trained workforce that stand behind those family values. The strong family ties mean that everyone feels the same compulsion to pull together. Our employees are fully aware of their responsibilities and are committed to the company. And our clients benefit from this.

Industrie- und Finanzkontor has an unusual origin. How is this reflected in the company?

We have our roots in the Princely House of Liechtenstein, which has existed for almost a thousand years. The Princely House has always stood out thanks to an exceptional willingness to perform, a flair for innovation and entrepreneurship, and the pursuit of independence. These powerful traits run like a thread through our family history, and through Industrie- und Finanzkontor. We look at wealth and family from a holistic perspective, always thinking in terms of generations.

Industrie- und Finanzkontor focuses on the long-term preservation of wealth and values for clients, and structures wealth via legal instruments. How does the awareness of family and wealth play into this?

Each client's situation is different, as every family is different. Private wealth, and family wealth in particular, are as diverse as the people to whom they belong. Our awareness of family and wealth is expressed in our entrepreneurial thinking, and reflected in each individual solution we craft for our clients. We view wealth from an objective and comprehensive perspective, focussing not only on tangible assets, but on intangible ones as well.

Why is this intangible approach significant for asset structuring?

Values, needs, expectations and goals, as well as the framework conditions in which assets are embedded, are all factors that influence wealth and assets in the long term. That's why we pay special attention to this side of the business. We also support entrepreneurial families in formulating their own wealth and family culture and to strengthen the family's understanding of their own legacy.

At some point the time comes when succession in a family business needs to be planned for. What should be taken into account in order to ensure a smooth succession plan?

Apart from the formal succession planning, clear communication and a leading by example on the part of the previous generation form the basis for successful succession planning. Other factors to be considered are that the family members are professionally and financially independent; that they gain experience; show an interest in the family business and have the appropriate willingness to perform. My sister and I were involved in strategic decisions and discussions about the company's development from an early stage. However, it was always up to us to decide whether we wanted to take over the family business one day.

The world is now in the midst of a transformation: advancing digitalisation, changing client demands, upheavals in the regulatory structure, geopolitical realignment, and so forth. What do you see as the main responsibility of the next generation?

First of all, taking over a business should be seen as a privilege rather than a right. The entrusted company should be further developed for the benefit of future generations, both on a family level and with regard to employees and clients. Economic and social responsibility must also be ensured.

The current times are challenging, especially in view of the erosion of private wealth by politics and society. Increasing bureaucracy inhibits productivity and endangers healthy pragmatism. It is important to consciously counteract unproductive bureaucracy. At the same time, there is also enormous potential for new business areas.

What priorities should one set in order to remain viable in the current and future environment?

As a matter of principle, we approach change with an open mind-set, focussing not only on the risks, but on the opportunities presented by new trends and developments, which we evaluate on a regular basis. An organisational structure must be prepared for the future, and employee expertise must be constantly strengthened.

As far as the geopolitical realignment is concerned, we are convinced that it further highlights the importance of wealth preservation. In politically and economically unstable times, there is a growing desire for protection and security for wealth and assets, as well as for an environment in which property ownership rights are respected.

While at Industrie- und Finanzkontor we describe ourselves as «Wealth Preservation Experts», sustainability is the most common buzzword in the business world. How do wealth preservation and the quest for sustainability intertwine?

We focus on the long-term and multi-generational preservation of wealth in line with the will of the founder. Our claim «Wealth Preservation Experts» describes what we do in a nutshell. By setting up, implementing and managing asset structures via legal entities such as foundations, trusts or other corporate forms, we create a starting point for achieving positive social, ecological and economic effects in the long term, through those assets.

From a governance perspective, we build fiduciary asset structures in such a way that they meet the current framework of

conditions, while still being flexible enough to adapt to future changes. This is a basic prerequisite if an asset structure is to be preserved and continued across generations.

In the financial sector, banks in particular are focussing on the issue of sustainability. The fiduciary sector is cautious around this issue. Is the topic not yet ripe for discussion?

The banking industry is probably most directly affected by the current definition of sustainable investments. Accordingly, it is addressing the issue hastily. In the field of foundations and trusts however, the concept of sustainability has always been the guiding principle. Wealth structuring through legal entities lays the groundwork for a long-term alignment of assets. Wealth structures require sustainable asset management; long-term, viable asset investment; and the use of assets, all in line with the purpose of the foundation or trust statutes, which usually includes a time scale of several generations.

Allow me to conclude by asking you what your vision of the future of Industrie- und Finanzkontor looks like?

«Wealth Preservation» is a core value that does not change. The management of asset structures must always be carried out with a long-term view and follow an overall strategy. We, as experts, must anticipate the future, always think a few steps ahead and pave the way for the sake of our clients. This way, we support our clients in their intention to secure the future of their families, assets and values in the long term.

At Industrie- und Finanzkontor we develop customised solutions to protect wealth and values and to safeguard them in the long term. Accordingly, our primary goals include to expand the opportunities for wealth structuring and wealth preservation with foresight, and to further develop our products and services.

Interview by Susanna Gopp

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«GOUVERNER, C'EST PRÉVOIR»



Francis von Seilern-Aspang
Managing Director

«Gouverner, c'est prévoir; et ne rien prévoir, c'est courir à sa perte.» Emile de Girardin, a French publisher and politician, summed up what wealth and succession planning is all about: act with foresight, otherwise you

may be heading for a loss. Often easier said than done! For as much as a generational change offers opportunities, it also harbours dangers if one does not plan ahead in a structured manner.

Structuring assets and planning succession are often not easy undertakings, because the economic-rational view is compounded by an ideational-emotional one. This dimension is often more important than one might think. Every generational change is fraught with risk because intra-family circumstances and poor planning can pose a threat to family assets.

When is «the right time»?

Wealth and succession planning is a process that can take several years. The right time to begin the process depends on many factors. If the process is started too early, it can arouse desires in the successor generation and steer a personal development in the wrong direction. If started too late, the process can fail often because offspring has already gone its own way, established itself in other areas and a return to the fold is difficult or lengthy. The decisive factor, however, is the desire of the transferor to actively initiate the succession process. The actual process begins within oneself.

Material values are not primary

The roots of a succession are already laid in the cradle of children, through the role model function of parents. From an early age, we learn from our parents what life is all about, what it can hold, how things are to be valued and what we can achieve with our abilities. These perceptions shape our own views on family, wealth and entrepreneurship. Accordingly, it is important to focus not only on material resources in the process, but also on family values, traditions, attitudes and role perceptions. They have a subliminal influence on the family system and, if not addressed and taken into account, can jeopardize family wealth and happiness at a later stage.

Looking ahead

Wealth means responsibility. Responsibility means looking ahead. What should the future of the family legacy be? What counts as core assets, what as residual assets? What is to be achieved, what is the purpose of the family's wealth? How

should the successor generation use the assets? Who should take over the reins of the family business? What other factors should be taken into account? These and many other questions need to be clarified and the family and the assets need to be viewed from an objective, neutral and future-oriented perspective.

Third-party expertise?

For the person handing over, this is sometimes an uncertain and doubtful path. In order to develop a sustainable wealth and succession strategy, it is therefore worthwhile to call in outside support. Independent experts have the necessary expertise and knowledge in various areas. However, their most important function is to listen and to understand, to ask pertinent questions and to guide the process in a targeted manner and from a neutral position, with the ultimate goal of uniting the family, its assets and business enterprises into a functioning «perpetuum mobile».

Five «essentials» for success

Five factors shape the success of any wealth and succession planning: First, the *analysis* of the initial situation and possible challenges in order to summarize the real overall situation of the family, its assets and businesses in economic, financial and personal terms and to lay the groundwork for a realistic and sustainable wealth and succession strategy. Secondly, the *definition of values* in order to promote a common understanding of the family legacy. The associated open communication within the family makes it possible to form a guiding framework for the future development of the family, assets and business.

Thirdly, the *definition of purpose* for assets and the company, which also creates the basis for discussion with regard to shareholding and management succession as well as governance. Fourth, the *consensus* of all those involved, which is necessary for the feasibility of an asset and succession strategy and fundamentally strengthens the family's ability to act. Fifth, ensuring *flexibility* so that the assets and business can be adapted to future conditions.

Conclusion

The framework conditions in which wealth is embedded influence its continued existence. While one can often only react passively to external conditions, one can actively influence internal conditions.

Therefore, it is advisable to actively start a wealth and succession process with professional support and secure the future of wealth and family.